

# SUPPORT FOR STRENGTHENING NATIONAL STATISTICS SERVICES

(TC-96-02-10-4-PR)

## EXECUTIVE SUMMARY

**REQUESTER:** Republic of Paraguay

**EXECUTING AGENCY:** Central Bank of Paraguay, through a Program Execution Support Unit in the Economic Studies Bureau

**AMOUNT AND SOURCE OF FINANCING:**

IDB:	US\$1,000,000 (SF)
Local counterpart funding:	<u>US\$ 694,600</u>
Total:	US\$1,694,600

**TERMS:**

Implementation period:	24 months
Disbursement period:	30 months

**OBJECTIVES:**

The main objective of the operation is to assist the Paraguayan government in launching a program to improve the national statistics system, which will enhance analyses made by the institutions responsible for macroeconomic monitoring and economic policy formulation.

The specific objectives are: (i) to strengthen the Central Bank in the recording of economic statistics pertaining to the national accounts, short-term indicators and balance of payments; (ii) to strengthen intra- and interagency coordination in the collection, production, and exchange of data of interest for economic analysis and, therefore, for economic policy design; and (iii) to produce a diagnostic study of the present national statistics system to serve as a basis for developing a comprehensive program for improvement of the system in the medium term.

**DESCRIPTION:**

The project will have four components:

1. Diagnostic study of the national statistics system and proposal of a strengthening program, to ascertain the state of the system, its problems, constraints, potential, and possible areas of action with a view to future strengthening of the system.
2. Improvement of the national accounts, in order to assist the Paraguayan government in the process of revising and improving the national accounts,

refining the summary statistics system and bolstering its macroeconomic reporting capabilities.

3. Improvement of transaction recording in the balance-of-payments current account, with a view to improving the quantification and recording of current-account items with a large percentage of unrecorded transactions and strengthening the Central Bank Integration Section's capacity to analyze the impact of integration processes on Paraguay's macroeconomic situation.

4. Design and implementation of a statistical information system, to strengthen intra- and interagency coordination in the collection, production, and exchange of data of interest for economic analysis and, consequently, for economic policy design.

**ENVIRONMENTAL  
CLASSIFICATION:**

The Environment Committee, at its meeting of November 12, 1996, classified this as a Category II operation.

**BENEFITS:**

Given the scale of activities not being recorded in the national economic statistics, the program will make it possible to reduce the margins of error caused by transactions not being recorded in the balance of payments and in the national accounts. As a result, those charged with implementing the nation's economic policy will have access to more reliable statistical data to enable them, on the one hand, to have a more realistic view of the state of the economy and, on the other, to strengthen their analytical and economic policy-formulation capabilities.

**RISKS:**

The chief risk of the operation would be a lack of adequate coordination and monitoring, or nonavailability of the counterpart funds needed to pay for the appointment of qualified personnel and for staff training in the Economic Studies Bureau. Provisions proposed to counter this risk are as follows: (i) the coordinator of the Program Execution Support Unit would be an official who, besides meeting requirements agreed on in advance with the Bank, will be assigned full-time to the program; (ii) progress reports and semiannual evaluations of the program, as proposed in the section on supervision and monitoring; and (iii) the Central Bank would be allocated sufficient funds in the national budget to enable it to defray operating costs entailed by execution of the program.

**PROCUREMENT OF  
GOODS AND HIRING  
OF CONSULTANTS:**

The Bank's current procedures for the procurement of goods and contracting of services, including consultancy services, will apply. The thresholds above which goods and services for the program must be obtained through international competitive bidding will be US\$250,000 for goods and services and US\$200,000 for consultant support (paragraph 2.54).

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

1. It will be a condition precedent to the first disbursement that the Program Execution Support Unit be set up (paragraphs 2.47-2.53) and that additional staff have been assigned to the Economic Studies Bureau (paragraphs 2.25 and 2.42).
2. The contract will include conditions regarding due monitoring and evaluation of the program (paragraphs 2.57-2.62), submission of financial statements (paragraph 2.63), and selection and hiring of consultants and procurement of goods and services (paragraph 2.54).

**THE BANK'S  
COUNTRY STRATEGY:**

The Bank's country strategy for Paraguay aims to (i) afford continuing support for modernization of the production sectors and infrastructure; (ii) continue to foster development of the social sectors; and (iii) place special emphasis on institutional strengthening, including modernization of the State. The proposed operation pursues this priority, inasmuch as strengthening of the statistics used in economic analysis and economic policy-formulation will improve the quality of both.

## I. BACKGROUND

### A. Paraguay's national statistics system: main features

- 1.1 The compiling and organization of public-sector statistics in Paraguay are largely the responsibility of two agencies: the Central Bank of Paraguay and the Directorate of Statistics, Surveys and Censuses (DGEEC), which reports to the Technical Planning Secretariat of the Office of the President of the Republic.
- 1.2 The DGEEC's main function is to compile and process population census data. It also produces social and employment statistics. The Central Bank, for its part, compiles and publishes data for (i) the consumer price index; (ii) foreign trade and balance-of-payments statistics; (iii) short-term indicators for the goods and services sectors; (iv) financial and monetary indicators; and (v) national accounts statistics.
- 1.3 Compiling the country's macroeconomic statistics is a complex task, owing to the high percentage of triangular and unrecorded trade and the large informal sector of the economy. As a result, national output, income, balance-of-payments and financial sector statistics are characterized by sizable margins of error. There are also gaps in the statistics on public finances, employment, prices and the labor market.
- 1.4 The national statistics system has also been affected by continuing spending constraints that are making it difficult to upgrade needed infrastructure for statistical services.
- 1.5 Even with the technical assistance that has been provided by different bilateral and multilateral agencies (see D.2), the national statistics system has serious shortcomings. This is because technical support projects have been isolated, with continuity only in a few instances, such assistance not having been furnished in the framework of any comprehensive program to upgrade national statistical services. As a result, the country has not been able to reap the full potential benefit of these efforts.
- 1.6 An efficient national statistics system with adequate coverage is an indispensable instrument for analysis and formulation of the country's economic and social policy. Given the present state of national statistics, a system of the sort needed will entail a considerable effort both in the form of heavier investment in the statistics area and better training of human resources for these tasks.

### B. Role of the Central Bank of Paraguay as a statistical service

- 1.7 Paraguay's economic statistics are produced by the Central Bank of Paraguay. This function is laid down in Article 121 of Decree-Law

18 of March 25, 1952, which created the Central Bank, and was confirmed in the new Central Bank Act (Law 489/95). Article 82 of this 1995 law states that the Central Bank shall compile and publish statistics concerning monetary and financial transactions, foreign payments, domestic prices, output and income, as well as statistics on financial institutions subject to Central Bank oversight. Article 72 of the law requires the Central Bank to keep the Executive and Legislative Branches apprised of the behavior of prices, employment, foreign trade, the balance of payments and other economic indicators.

- 1.8 These economic statistics are compiled and published by the Central Bank's Economic Studies Bureau, through its Departments of National Accounts and Domestic Market, International Economics, and Monetary and Financial Studies.
- 1.9 The National Accounts and Domestic Market Department develops the theoretic and conceptual framework of the methodology used to analyze the national accounts and price and wage indexes, to conform to the guidelines of international agencies. The International Economics Department examines the situation of the external sector and its impact on the national economy, and the economy's relations with the rest of the world, in order to formulate strategies and policies with respect to the external sector.
- 1.10 The Department of Monetary and Financial Studies puts forward proposals concerning economic policies, their impact, and options for ensuring that they have the intended effect. It also analyzes and publishes monetary, banking and credit statistics.

C. Status of statistical tools and systems addressed in the proposed technical-cooperation program

1. The System of National Accounts

- 1.11 National accounts are statistical summations which are intended to convey a clear view, through a conceptually consistent set of accounts and supporting tables, of a nation's economy and its relations with the rest of the world, during a specific time period that normally coincides with the calendar year.
- 1.12 Paraguay's national accounts are currently being compiled within the framework of the 1950 revision of the United Nations System of National Accounts (SNA rev. 2). Given the obsolete general methods presently in use in the country, the limitations of and gaps in current basic statistical data sources, and conceptual and technical lacunae in the procedures used to calculate the different aggregates, it is essential that the present national accounts system be replaced by one that is methodologically more in line with the new international standards.

- 1.13 Such a revamped system will need to afford a clearer and more detailed picture of the state of the Paraguayan economy, so as to facilitate government decision-making and make data internationally comparable – these being the main aims that national accounts are intended to serve.
- 1.14 The fourth revision of the U.N. System of National Accounts (SNA rev. 4), adopted at the plenary meeting of the 27th session of the United Nations Statistical Commission in 1993, is such a system. In the years ahead, SNA rev. 4 will afford a new methodological frame of reference for national-account compilation for countries with market economies. It is currently being implemented in most Latin American countries, but is not yet fully in place in any of them.
- 1.15 One of the features of the new SNA that distinguishes it from previous revisions is that it proposes a new and much broader accounting structure, based on institutional sectors, which seeks to establish an integrated and complex set of accounts (current, accumulation, and balance-sheet accounts) depicting institutional sectors and relations with the rest of the world. This will make it possible to analyze income trends and how net increases in income come to form wealth.
- 1.16 Given the complex methodology entailed in SNA rev. 4 and information gaps in Paraguay's statistics system, it is to be expected that, at least in the short term, a reconfigured system of accounts could only be partly aligned to rev. 4 – making, in other words, for an incomplete system of economic accounts. This partial conversion is the approach currently being taken by most Latin American and Caribbean countries, and the one that would be pursued in the project proposed in this document.
- 1.17 The Central Bank has already begun to rewrite its strategy for conversion to SNA rev. 4, by designing a framework for application and diagnosis of the present national accounts system. For the first phase of the project (preparation of supply and use tables), due regard will need to be given to two elements of Paraguay's current circumstances: (i) the availability of basic statistical data, and (ii) the Central Bank's national accounts technical staff.
- 1.18 The basic statistical data available for compiling the accounts from which source and use tables are produced are insufficient, of low quality and incomplete coverage. There is, then, a need for at least some measure of bolstering these basic statistics, through special studies and surveys to look at the economic activities for which basic statistical data are weakest.
- 1.19 As for the Central Bank's technical staff, the National Accounts Division clearly does not have the personnel needed to implement SNA rev. 4. It currently has a staff of 10, who in addition to

working on the different areas into which the tasks for the first stage of implementation of rev. 4 have to be divided must also continue to provide support in traditional areas (rev. 2 national accounts, short-term estimates, other routine functions).

## 2. National accounts base year

- 1.20 Base years are changed in order to introduce new methodological concepts, revise existing conventions as to definitions of transactions, and incorporate improvements that are achieved in basic statistical sources.
- 1.21 Paraguay's national accounts use 1982 as base year. However, changes in the relative weight of certain economic activities within the country's production structure, improvements in basic statistical sources, and new methodological concepts and transaction definitions introduced in SNA rev. 4 have prompted the need for a new base year that will convey an accurate picture of the country's economic structure. That new base year will be 1994.

## 3. Monthly Economic Activity Indicator (MEAI) and quarterly GDP

- 1.22 Work is presently under way on implementing the MEAI and quarterly GDP compilation; preliminary results were published in the latest National Accounts Bulletin (No. 32 of July 1995). This series - the fruit of work done by Paraguay's Central Bank as of the current year, in conjunction with staff of the Central Bank of Chile - is designed to expand the national data available for the study and analysis of the country's short-term economic situation.
- 1.23 The figures arrived at are the product of a methodology for compiling annual GDP data on a quarterly basis at constant prices by industry of origin of the product. This quarterly output was compiled for 14 sectors of economic activity, utilizing around 145 sectoral economic series produced monthly. However, this system of short-term indicators of productive activity is very incomplete, given the low coverage of the sectoral indicators. Future developments are awaited in this connection to enable expansion of sets of indicators by activity, especially those pertaining to manufacturing, construction, forestry, commerce, and other services.

## 4. The balance of payments

- 1.24 The balance-of-payments statistics compiled by the Central Bank's International Economics Department do not present all transactions that Paraguayan residents conduct with nonresidents. The fact is that a series of balance-of-payments components - in particular travel, trade in goods and private capital flows - give an incomplete picture, inasmuch as they conceal unrecorded transactions that produce distortions. This also affects data for

other components, and gives origin to a large errors and omissions account having no obvious explanation.

- 1.25 Balance-of-payments data collected by the Central Bank are heavily influenced by the country's considerable unrecorded trade, both the domestic consumption portion and the portion pertaining to triangular trade with neighboring countries. 1/ Thus, the travel account assumes sizable proportions because of the large amounts of foreign exchange entering the country. 2/
- 1.26 Since the travel account is closely associated with reexports of goods - the main motivation for tourists entering Paraguay who seek to turn a profit on the prices of goods on offer - it is worth investigating the "excursionist arrivals" item more closely in order to ascertain the true magnitude of this item and hence its impact on the trade balance and the overall balance of payments. 3/
- 1.27 In this context, a survey of travel-related services will yield, for the first time, significant (field) data on balance-of-payments credits for this purpose, which are currently estimated using different methods. Such a survey will also enable more precise estimates of purchasing tourism, by way of an approximate quantification of unrecorded trade in goods, commonly termed "reexportation".

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1/ It is estimated that reexports deriving from items brought into Paraguay illegally totaled US\$755 million in 1995, as compared with US\$819 million for recorded exports. Gustavo Sanabria and Miguel A. Argüello, *Cálculo de las reexportaciones en el Paraguay: Método del consumo potencial de las importaciones* [Calculation of reexports in Paraguay: Potential imports consumption method]. International Economics Department, Central Bank of Paraguay, June 1996.

2/ According to calculations of the Tourism Directorate (DITUR) of the Ministry of Public Works and Communications, the foreign exchange inflow under "Travel" amounted to US\$346 million in 1993, as a result of a flow of around 13,838,400 persons spending an estimated US\$25 per head. That figure represented approximately 50% of the errors and omissions account, which stood at US\$783 million for 1995.

3/ According to 1992 DITUR estimates, the zones of Ciudad del Este and Encarnación, border cities with Brazil and Argentina, respectively, post a tourist inflow of over 13 million visitors annually, which, on the basis of the amount of purchases permitted per person (US\$250 for Brazil) means a trade of approximately US\$3.25 billion for those areas of the country alone.



D. Computerized foreign-trade statistics system

- 1.28 The Central Bank is responsible for compiling export and import statistics, to which end it processes (as a first step) copies of customs documentation. However, with the implementation of the MERCOSUR Customs Union, trade ties with the other member states have intensified to the point that the infrastructure currently in place in Paraguay is insufficient to compile data efficiently and in timely fashion.
- 1.29 In point of fact, to process an average of 100,000 customs clearances per year, the Central Bank presently has five computers, running software designed in-house in 1989. Changes in table presentation, the rising number of transactions, insufficient computer memory, and the need to compile more and more updated data, all combine to make this network obsolete.
- 1.30 To compile export and import figures, the Central Bank will require better infrastructure, to make for more efficient production of balance-of-payments statistics, together with a new computerized network linked to the national accounts database.

E. The Economic Integration Section

- 1.31 The chief function of this Section, which is part of the International Economics Department's Economic Integration and External Debt Division, is to keep Central Bank authorities apprised of economic developments, exchange rate trends, and foreign trade policies in countries with which Paraguay is in the process of forming economic blocs. Its other tasks are assessing the impact on the general macroeconomic situation of integration processes upon which the country is embarked and, in particular, the mechanisms whereby distortions originated by its partners are being transmitted, when they pose serious problems for Paraguay's domestic economic policies.
- 1.32 To effectively discharge these responsibilities, the Economic Integration Section's staff will need to bolster their analytical capabilities, to be able to conduct more thorough research and analysis, so as to afford a better understanding of the direction and impact of integration processes on macroeconomic variables.
- 1.33 According to the structure devised for this Section, it was to be assigned three officers full-time. However, since sufficient suitable candidates have not come forward, the Section currently has only one officer on staff. The planned staff complement will therefore have to be assigned and trained in order for the Section to carry through its mandate.

F. Rationale for the proposed operation

- 1.34 In August 1995, the Central Bank asked the IDB for assistance in the form of nonreimbursable technical-cooperation funding to launch a program to improve the recording, compiling and processing of economic statistics. Given the magnitude and quantity of problems entailed in producing statistics for the different sectors, the technical-cooperation activities described herein will focus on two sectors of the country's economic statistics: the national accounts and the balance of payments. These two areas are in need of immediate improvements in statistical recording, because it is here that key variables are generated for economic analysis and economic policy formulation.
- 1.35 Under one component of the program, a diagnostic study will be done of the national statistics system, as the basis for developing a comprehensive program to strengthen the system in the medium term.
- 1.36 The potential impact of the proposed technical cooperation in terms of improved recording and better quality of Paraguayan statistics is wide-ranging and significant. Implementation of the planned activities will make it possible to ascertain the state of the country's economy more precisely and in greater detail and will facilitate government decision-making and make data internationally comparable.
- 1.37 Regarding improvements to the national accounts, implementation of the U.N. SNA rev. 4 is essential because it forms the new methodological frame of reference for compiling national accounts for market-economy countries. In addition, the shifts in relative importance of certain economic activities in the country's production structure, and new methodological concepts and transaction definitions introduced in rev. 4, mean that a new base year needs to be adopted, in order to convey a more accurate and realistic view of the country's economic structure.
- 1.38 Economic policy design, implementation and monitoring require instruments to measure economic activity promptly and accurately, so that policy focuses can be shifted as required. Given the present state of the Paraguayan economy, which has embarked on a far-reaching reform process, it will be vital to have instruments of this type, such as short-term indicators, in order to see the desired reforms successfully carried through.
- 1.39 Improvement of the recording of certain items in the balance-of-payments current account will make it possible to gain a more realistic idea of Paraguay's situation vis-à-vis economic relations with the rest of the world, and therefore of the economy's vulnerability to or reliance on the external sector.
- 1.40 The upgrading of Central Bank infrastructure required to produce import and export figures will make the process of compiling

statistics more efficient, and also make it possible to link the databases of the International Economics and National Accounts departments, thereby considerably improving the managing and processing of statistics.

- 1.41 The strengthening of the Central Bank's Integration Section will equip it to assess the impact on the general macroeconomic situation of integration processes upon which Paraguay has embarked and, in particular, of mechanisms that transmit distortions triggered by its partners which adversely affect domestic economic policies.

G. The Bank's strategy and previous experience. Other donors

1. The Bank's strategy and previous experience

- 1.42 The aims of the Bank's strategy for Paraguay are to (i) continue to lend support for the modernization of producers' sectors and infrastructure; (ii) continue to foster development of the social sectors; and (iii) emphasize institutional strengthening, including modernization of the State. The proposed operation is consistent with this priority, since improving the statistics used for economic analysis and economic policy formulation will enhance quality in those areas.
- 1.43 In 1993 the Bank helped the Central Bank to improve the management of the country's external debt statistics. At the present time, the Central Bank's Economic Studies Bureau is carrying out, in concert with the Ministry of Finance and the Technical Planning Secretariat of the Office of the President, a program of support for macroeconomic programming for Paraguay, with nonreimbursable financing from the IDB. The general objective of that program is to help the Paraguayan government strengthen analytical capabilities in the macroeconomic programming process through implementation of the IDB macroeconomic model in these three institutions.
- 1.44 In May 1996, the Bank approved a Regional Program to Improve Surveys of Living Conditions in Latin America and the Caribbean, an initiative to be carried out in concert with the World Bank and the Economic Commission for Latin America and the Caribbean (ECLAC). Paraguay, through the DGEEC, is participating in this program with US\$2.3 million in IDB funding (FSO, local currency).
- 1.45 Also in May 1996, the Bank approved a social investment program, which includes activities aimed at compiling existing sector diagnoses on poverty in Paraguay and an analysis of data elicited in household surveys on social expenditure, its incidence and its distributional impact.
- 1.46 Lastly, the Bank, through the MIF, is preparing an operation for the Central Bank's Superintendency of Banks, with the primary aim

of helping the Central Bank in the monitoring, regulation, analysis, control, compiling, and publication of financial data.

2. Other donors

a. Technical assistance received by the National Accounts and Domestic Market Department

- 1.47 Using World Bank funds, the Central Bank has begun a review of its strategy for the work that will be required to convert the country's national accounts to United Nations SNA rev. 4. To this end it has hired an international consultant who is designing the framework for application and diagnosis of the present national accounts system, and is monitoring the preliminary outputs of the local technical experts.
- 1.48 In addition, with US\$12,000 in funding from ECLAC, a consultant has been hired to start developing a short-term monthly indicator and quarterly compiling of GDP. The early results are in the experimental application phase.

b. Technical assistance received by the International Economics Department

- 1.49 With support from the IMF, this department hired a consultant in 1992, for a period of one year, to start preparatory work for implementation of the fourth edition of the Balance of Payments Manual. The manual was implemented for the period 1985-1991, and training in its use was given to staff of the Balance of Payments Division, who are currently working on compilations from the year 1992 onward.
- 1.50 The International Economics Department, together with offices of other agencies engaged in management of the country's external debt, is executing a United Nations technical-cooperation project designed to improve the management of Paraguay's external and domestic debt by strengthening the government's technical and institutional capacity in this sphere. This work entails two stages: (i) a first stage aimed at improving the flows and organization of public-debt data and standardization of these data between the Ministry of Finance and the Central Bank, and (ii) a second stage involving installation of the 5.0 version of the Debt Management and Analysis System. Both stages are nearing completion.

## II. PROGRAM OBJECTIVES AND DESCRIPTION

### A. Objectives

- 2.1 The primary objective of the proposed operation is to support the Paraguayan government in a program to improve the national economic statistics system, which will in turn strengthen the analyses performed by agencies in charge of macroeconomic monitoring and economic policy formulation - the Central Bank's Economic Studies Bureau, the Technical Advisory Unit of the national economic team, the Technical Planning Secretariat of the Office of the President, and the Ministry of Finance.
- 2.2 The project has the following specific objectives: (i) to strengthen the Central Bank's capacity for recording economic statistics pertaining to the national accounts, short-term indicators, and the balance of payments; (ii) to bolster intra- and interagency coordination in the collection, production, and exchange of data of interest for economic analysis and, therefore, for economic policy formulation; and (iii) to produce a diagnostic study of the current national statistics system, to serve as the basis for developing a comprehensive program to improve the system in the medium term.

### B. Description

- 2.3 To achieve the above-listed objectives, the project has been divided into four components: (1) diagnostic study of the national statistics system and proposal of a strengthening program; (2) improvement of the national accounts; (3) improvement of transactions recording in the balance-of-payments current account; and (4) design and implementation of a statistical information system. The program components and activities are set out in the Logical Framework, together with the expected outputs and means for their verification (Annex I).

#### 1. Component 1. Diagnostic study of the national statistics system and proposed strengthening program (US\$45,880)

- 2.4 The primary objective of this component is to determine the precise status of the national statistics system, including its problems, constraints, potential, and possible areas of action for strengthening the system in future.
- 2.5 To carry out this component, an external consultant will be hired to produce a two-part report: (i) a diagnostic study of the present state of the national statistics system, including the treatment of the informal sector of the economy; and (ii) a proposal for a program for a general revamping of the national statistics system.

- 2.6 The diagnostic study is to provide details regarding (i) the public agencies currently producing basic statistics; (ii) the legal framework for performing that function; (iii) problems encountered in producing these statistics; (iv) mechanisms for the transmission and exchange of data; (v) possible overlaps in statistics production; and (vi) assistance provided by bilateral and multilateral institutions, objectives, outcomes, and main problems encountered.
- 2.7 The proposal for a program to improve the national statistics system must include (i) a definition of the components of the program, including the methodology for incorporating the informal sector of the economy into national statistics; (ii) proposed revamping of the legal framework; (iii) plan of action for execution of the program; (iv) schedule of activities; (v) estimate of program costs, distinguishing between current and capital expenditures; (vi) identification of sources of bilateral or multilateral financing; and (vii) a needs assessment to determine qualified human resources requirements (quantity and quality).

2. Component 2. Improvement of national accounts (US\$347,928)

- 2.8 The general objective of the program is to support the Paraguayan government in the process of revising and improving the national accounts, refining the statistical summation system, and expanding its capacity to supply macroeconomic data. This component is divided into two subcomponents: a. Basic studies for implementation of SNA rev. 4; and b. Development and implementation of the monthly economic activity indicator (MEAI) and quarterly GDP compiling.

a. Subcomponent: Preliminary work for SNA rev. 4 implementation (US\$302,488)

- 2.9 This subcomponent would involve development of a basic accounting set-up for purposes of implementing the fourth revision of the United Nations System of National Accounts (SNA rev. 4). The programmed activities are:

(i) Compiling of supply and use tables

- 2.10 Supply and use tables exhibit the flows of goods and services produced by the national economy and traded with the rest of the world, and simultaneously present the structure of production costs. The supply and use model envisaged would follow the guidelines laid down in SNA rev. 4.
- 2.11 The compilation of supply and use tables requires special studies and surveys, to expedite implementation of the set-up. The special basic studies being proposed will look at (i) personnel employed; (ii) taxes on output; (iii) distribution margins; (iv) foreign trade; (v) household consumption; (vi) gross capital formation; (vii) wage remuneration; (viii) intermediate demand; and (ix) the

informal sector. Consultants will be hired to perform these special studies.

- 2.12 The special surveys that would be needed to improve the basic statistical data available relate to the following economic activities: (i) food industry - bakeries; (ii) textile industry - garment manufacture; (iii) retail trade; (iv) professional services; (v) entertainment services; (vi) repair services; and (vii) hairdressing and beauty shops.

- 2.13 The surveys will be conducted by a firm hired for the purpose. This firm will coordinate the design of the surveys and collect, tabulate, process, and produce the data with a local consultant specialized in survey design, preparation and analysis, whose work will in turn be supervised by the Program Execution Support Unit (PESU).

(ii) Compilation of an intermediate system of economic accounts within the framework of SNA rev. 4

- 2.14 To start the work required to implement SNA rev. 4, in addition to producing supply and use tables, the current and accumulation accounts in three institutional sectors will be quantified, namely the financial, government, and rest of the world sectors, for which basic data are already to hand. Data on institutional sectors not included in this first phase (nonfinancial institutions, households and private nonprofit institutions) will be obtained as differences from the overall supply and use figures.

- 2.15 Staff of the National Accounts and Domestic Market Department will compile the current and accumulation accounts of the sectors mentioned, with coordination by and advice from the national coordinator and the international advisor to the PESU.

(iii) Change of base year for national accounts

- 2.16 The following work will be done to change the national accounts base year from 1982 to 1994: (i) compile the new national accounts for the period 1991-1995; and (ii) compile a linked GDP series by origin and expenditure, at current and constant prices, for the period 1950-1990.

- 2.17 This work will be done by staff of the National Accounts and Domestic Market Department, coordinated by and with advisory support from the national coordinator and the international advisor to the PESU.

(iv) Adaptation and implementation of the SNA database

- 2.18 The objective of this subcomponent is to install the new SNA rev. 4 and make it operational, for which procurement of computer equipment will be critical.

- 2.19 The data-processing resource that will be used for developing the methodology for adaptation and implementation of the Integrated System of National Accounts (ISNA) will be SYBASE, a related database management system.
- 2.20 To carry through this task, an international consultant (systems engineer) with experience in ISNA implementation will be hired for a total of two person-months. In addition, the National Accounts and Domestic Market Department will assign an employee of the Data-Processing Section of the Administrative Support Division for the duration of the technical cooperation.
- 2.21 Two internships in the Central Bank of Chile will also be arranged and eight computers will be purchased, in which ISNA software will be installed.

b. Subcomponent: Development and implementation of the MEAI and quarterly GDP compiling (US\$22,440)

- 2.22 The objective of this subcomponent is to assist the Central Bank in refining its synoptic statistical system and enhancing its capacity to yield short-term macroeconomic data. This would be achieved through implementation (including publication) of the present MEAI and quarterly GDP compiling, which will require improvements and expansion of their coverage, chiefly in the services sphere.
- 2.23 The activities planned for this subcomponent are: (i) definition, design and development of calculations of short-term indicators on the expenditure side, i.e. total consumption, total investment, and exports and imports of nonfactor goods and services; (ii) development of short-term indicators for the following activities: transport and communications, general government, construction, industry, hotels and restaurants and financial sector; and (iii) development and implementation of a data-processing platform for the calculations (including software needed for implementation of the databases), in the context of the ISNA.
- 2.24 An international consultant with expertise in design and implementation of short-term indicators will be employed for this subcomponent, to coordinate the definition, design and development of the indicators. This consultant also will help develop and implement the data-processing platform.

c. Additional local personnel required for Component 2

- 2.25 The present local personnel of the National Accounts Division are too few in number for the implementation of SNA rev. 4. The Division currently has 10 staff who, in addition to working in the different areas into which the tasks of this first stage have to be divided, must handle the technical coordination of the project as a whole. More staff thus will need to be assigned to the Division, not just to help with its traditional responsibilities (traditional



national accounts, short-term estimates and other routine functions), but also to strengthen the measurement of certain areas of the economy by conducting special studies. The Division will need to take on eight additional staff during the program implementation period. A condition precedent to the first disbursement of the financing will be the hiring of four additional staff, who are to be trained by the international advisor in U.N. SNA rev. 4 implementation and operation and in MEAI development and implementation. The other four officers are to be on the job at the start of the second year of the technical-cooperation program; they are to be trained by the first four in SNA rev. 4 implementation.

- 2.26 These additional staff will be obtained by transferring in suitable candidates from other Central Bank units or departments. If, at the time the work has to be done, the persons identified cannot be on the job, the Central Bank, through its Economic Studies Bureau, will have to bear the cost of hiring the necessary staff.

3. Component 3. Improvement in transactions recording in the balance-of-payments current account (US\$450,434)

- 2.27 This component's objectives are: (i) to improve the quantification and recording of current-account items with a high proportion of unrecorded transactions and, therefore, with sizable margins of error; and (ii) to strengthen the Integration Section's analytical capacity to assess the impact of integration processes on Paraguay's macroeconomic situation.

- 2.28 This component is subdivided into three subcomponents: a. Diagnostic study of incoming tourism in Paraguay; b. Design and implementation of a computerized foreign trade statistics system; and c. Support for the Economic Integration Section.

a. Subcomponent: Diagnostic study of incoming tourism in Paraguay (US\$360,430)

- 2.29 The purpose of this subcomponent is to improve the recording of balance-of-payments statistics by adopting better methods of measuring unrecorded transactions, particularly in triangular trade, reexports and purchasing tourism. Special attention will be paid to the valuation of flows connected with purchasing tourism, to be able to adjust the estimates of unrecorded trade in the trade balance and thereby lessen the resulting distortions in the errors and omissions account.
- 2.30 This subcomponent will entail the design, preparation and implementation of a survey of travel-related services in the border cities of Ciudad del Este and Encarnación, with a view to determining (i) numbers of residents and nonresidents visiting these two cities; (ii) estimated per capita expenditure; and (iii) average expenditure on goods for reexportation.

- 2.31 Data collection for this survey will be contracted out. Apart from being far less expensive for the Central Bank, this approach will ease the budgetary cost for the fiscal years following the year of the survey. Nevertheless, the Economic Studies Bureau, through the PESU, will design a rigorous procedure for verifying the data collected, to ensure that they are reliable.
- 2.32 The Economic Studies Bureau, through the PESU and with advisory support from two external consultants engaged for two months each, will coordinate and oversee the field work of the firm hired to conduct the survey.
- 2.33 The survey data will be processed using the computer system to be installed in the International Economics Department (see Component 1, Subcomponent b). The surveys will be conducted three times during the year, at the time of high, medium and low purchasing tourism. The data will be analyzed by the International Economics Department, with PESU coordination. That department will assign three staff members to the survey project for 15 months.

b. Subcomponent: Design and implementation of the Computerized Foreign Trade Statistics System (RICE)  
(US\$51,440)

- 2.34 The objective of this subcomponent is to set up the infrastructure needed to compile and process foreign trade statistics more efficiently, and create a computer system linked to the National Accounts and Domestic Market Department's database.
- 2.35 The planned activities are: (i) definition of the database to be created and/or reconfigured; (ii) purchase and installation of hardware needed to institute the system, and training in its use; (iii) selection and/or design and installation of software required, and training in its use; and (iv) design and implementation of the computer system linked into the database of the National Accounts and Domestic Market Department.
- 2.36 This subcomponent will require the purchase of hardware and software for the system, and the hiring of a consultant systems engineer for two months.
- 2.37 For institution of the RICE, the International Economics Department will assign nine staff members for the execution period of the program.

c. Subcomponent: Support for the Economic Integration Section  
(US\$38,364)

- 2.38 The main purpose of this subcomponent is to strengthen the Central Bank unit responsible for assessing the impact on the country's macroeconomic situation of the integration processes in which Paraguay is a party.

- 2.39 The following activities are planned for this subcomponent:  
(i) external consultancy services to strengthen the analytical and research capabilities of Economic Integration Section staff in the area of economic integration, so that the Section will be able to provide the country's negotiators with efficient support;  
(ii) external consultancy services to determine the mechanisms by which macroeconomic shocks in the MERCOSUR member countries, especially Brazil and Argentina, are transmitted into Paraguay; and  
(iii) internships in order to learn, on the spot, about analyses and negotiations undertaken in countries with experience in integration.
- 2.40 This subcomponent will entail (i) retaining two experts in economic integration, for a period of one person-month, who will train Economic Integration Section staff in analysis and research into economic integration processes and mechanisms whereby macroeconomic shocks in MERCOSUR member states are transmitted into Paraguay; and  
(ii) four internships each lasting one week.
- 2.41 It is suggested that the internships be done in Spain and Belgium, members of the European Union, since the EU is the most advanced and best-documented integration experiment. Those two countries also have considerable experience as economies integrated into a bloc made up of more industrialized nations, and also concerning transmission mechanisms between countries belonging to economic blocs.
- 2.42 For the Economic Integration Section to be able to carry out its mandate it will need the staff complement specified for it when it was created. This Section will have to take on three additional staffers for the life of the proposed technical-cooperation program. It will be a condition precedent to the first disbursement that the Section have hired one additional staff member; the other two are to be on the job at the start of the second year of the program.
- 2.43 This extra staff would be provided through transfers of qualified candidates from other Central Bank units and departments. If the persons identified cannot be on the job by the time the work must be performed, the Central Bank, through its Economic Studies Bureau, will have to bear the cost of hiring the staff needed.

4. Component 4. Design and implementation of the Statistical Information System (US\$14,500)

- 2.44 The objective of this component is to strengthen intra- and interagency coordination in the collection, production, and exchange of data of interest for economic analysis and, therefore, for economic policy design.
- 2.45 The activities include: (i) design and/or standardization and implementation of a mechanism for transmitting statistical data

among the different Central Bank units; (ii) design and/or standardization and implementation of a mechanism for moving statistical data between the Central Bank's Economic Studies Bureau and other government users of the data it generates (Technical Planning Secretariat of the Office of the President, DGEED, Ministry of Finance and other ministries); and (iii) design and/or standardization and implementation of a mechanism for transmitting statistical data between the Central Bank's Economic Studies Bureau and private institutions that use the data it produces.

- 2.46 A local consultant (systems or information technology engineer) will be retained for this component for a period of three months. This consultant will be assisted by a staff member of the Data-Processing Section of the Economic Studies Bureau.

C. Execution, supervision and monitoring of the program and auditing of financial statements

1. Execution

- 2.47 The proposed 24-month operation will be executed by the Central Bank through a Program Execution Support Unit (PESU). Prior to the first disbursement of the financing, the Economic Studies Bureau will set up the PESU, which will have various coordination, execution and monitoring functions in respect of the program activities as a whole.
- 2.48 The PESU will report directly to the Manager for Economic Studies. It will be staffed with (i) a national coordinator, specialized in economics and with relevant experience in national accounts and international trade; (ii) an international advisor with special expertise in national accounts and considerable experience in the adaptation and operation of processes to implement the System of National Accounts; (iii) a local economist with special expertise in national accounts; and (iv) a local economist with expertise in international economics.
- 2.49 The national coordinator and local technical specialists will be hired with local counterpart funds, and the international advisor with Bank funds.
- 2.50 The national coordinator will organize, direct, advise on, execute and supervise activities for the proposed operation, both technical and administrative, ensuring that they are directed toward accomplishment of the program's objectives.
- 2.51 The international advisor specializing in national accounts will provide technical advice concerning the implementation, adaptation, training for and operation of SNA rev. 4 in the Central Bank, and development and implementation of the MEAI.

- 2.52 The local technical expert in national accounts will coordinate execution of the activities comprising Component 1 (National Accounts). This specialist must work in close coordination with the management of the National Accounts and Domestic Market Department.
- 2.53 Lastly, the local technical expert in international economics will coordinate the activities included in Component 2 (Balance of Payments), and will be required to maintain close coordination with the management of the International Economics Department.
- 2.54 The program calls for 19 individual consultancies and 8 surveys, at an aggregate cost of US\$732,560. In addition, 17 computers and other equipment will be purchased, for a total of US\$217,750 (see Technical File I). The technical-cooperation agreement will stipulate that the Bank's procedures must be followed for consultant selection and hiring and for procurement of goods and services.
- 2.55 During execution of the program, the budget funds allocated for consulting services are to be made available in accordance with the schedule set.
- 2.56 Terms of reference for the different consulting services required for the program are on file in the Bank (Technical File III).

2. Supervision, monitoring and auditing of financial statements

- 2.57 At the start of the technical-cooperation operation, the executing agency is to give the Bank a detailed proposal of the plan of activities for the first year of the operation. Likewise, at the start of the second year, the executing agency will submit the plan of activities for the second year.
- 2.58 The PESU is to provide the Bank with semiannual progress reports, on the basis of which the technical cooperation can be monitored. The first such report is to be submitted 30 days after the end of the first six months of the program. Subsequent progress reports must be submitted 30 days after the completion of 12, 18 and 24 months of the program.
- 2.59 The reports are to (i) describe the progress of program activities; (ii) describe the progress of disbursements compared with the disbursement timetable, and list expenditures chargeable to the counterpart funding; (iii) summarize the recommendations of the consultants retained with program funds; and (iv) outline the activities planned for the following six months.
- 2.60 The PESU will submit to the Economic Studies Bureau, for examination and approval, the plans of activities for the technical cooperation and the semiannual progress reports.

- 2.61 Immediately after each semiannual report is submitted to the Bank, evaluation meetings will be held to review progress on the program. These meetings will be attended by the Manager for Economic Studies, the PESU coordinator and the technical team designated by that official, and Bank staff members. Recommendations coming out of the meetings are to be implemented in the following six-month period and considered in the respective evaluation exercise.
- 2.62 Within six months after the end of the program, the executing agency will submit a final report summarizing the activities carried out and stating the use made of Bank and counterpart funds, the outcomes achieved, decisions adopted as a consequence of the program, and the expected outcome of same.
- 2.63 The PESU would keep records in which program expenditures would be entered in accordance with the chart of accounts approved by the Bank. The program's financial statements would be audited annually by independent auditors acceptable to the Bank and submitted, to the Bank's satisfaction, throughout the life of the program, within 120 days after the end of each fiscal year, as prescribed in the technical-cooperation agreement.
- 2.64 Technical responsibility for the operation will rest with Country Division 1 (OD1); basic responsibility will be with the Bank's Country Office in Paraguay.

D. Cost and financing

- 2.65 The total cost of the proposed technical cooperation is estimated at US\$1,694,600. The Bank would contribute a total of US\$1,000,000 in nonreimbursable foreign exchange from the Fund for Special Operations. The local counterpart of US\$694,600 equivalent will be contributed by the Central Bank of Paraguay.

Cost table (US\$)

COST ITEM	COST
1.1 Professional services firms - Fees	316,500
2. Individual consultants	416,060
2.1 Fees	242,900
2.5 International travel	173,160
2.5.1.1 Travel	27,000
2.5.1.2 Per diems	146,160
3. Study grants, training, internships	18,072
3.3.1 International travel	18,072
3.3.1.1 Travel	7,300
3.3.1.2 Per diems	10,772
6. General support	229,750
6.3 Equipment	44,500
6.4 Supplies	122,250
6.5 Computers (17)	51,000
6.6.4 Secretarial services (24 months)	12,000
7. Reports and publications	7,000
98. Contingencies	12,618
<b>TOTAL</b>	<b>1,000,000</b>

- 2.66 This technical-cooperation operation will be executed over 24 months, counting from the date of signature of the agreement. The deadline for disbursement in full of the technical-cooperation funds will be 30 months after signature of the agreement.
- 2.67 The Bank's contribution, which would be nonreimbursable, would be drawn from the net income of the Fund for Special Operations, in an amount of US\$1,000,000 equivalent in foreign exchange.
- 2.68 The breakdown by component of the Bank's contribution would be as follows:

COMPONENT	AMOUNT (US\$)		
	IDB	LOCAL CONTR.	TOTAL
1. Diagnostic study of the national statistics system and proposal for a strengthening program	45,880		45,880
2. Improvement of national accounts	347,928	160,800	508,728
3. Improvement of transactions recording in the balance-of-payments current account	450,434	404,750	855,184
4. Design and implementation of a statistical information system	14,500	7,200	21,700
Contingencies	12,618	4,250	16,868
<b>TOTAL</b>	<b>1,000,000</b>	<b>694,600</b>	<b>1,694,600</b>

### III. BENEFITS AND RISKS

- 3.1 Given the scale and significance of the activities not currently being recorded in the national economic statistics, the program will make it possible to reduce the margins of error caused by unrecorded transactions in the balance of payments and the national accounts. As a result, those charged with implementing economic policy will have access to more reliable statistical data, to give them a realistic picture of the state of the economy while also bolstering their economic analysis and economic policy-formulation capacity.
- 3.2 The chief risk of the operation would be inadequate coordination and monitoring, or nonavailability of the counterpart funds needed to cover the cost of assigning qualified staff and training of the personnel of the Economic Studies Bureau.
- 3.3 The provisions adopted to counter this risk are as follows: (i) the coordinator of the Program Execution Support Unit (PESU), who must satisfy requirements agreed on in advance with the Bank, will be assigned full-time to this program; (ii) the reports and semiannual evaluations proposed in the section on supervision and monitoring of the program; and (iii) the Central Bank would be allocated sufficient funding in the national budget to enable it to defray operating costs for execution of the program.



#### IV. SUSTAINABILITY

- 4.1 The Central Bank has indicated a need to improve the collection, recording and quality of national statistics. It further considers that having a larger, better-performing database would help it produce timely, high quality statistics to assist with analyses for economic policy purposes, since this would allow for more realistic, timely and adequate monitoring of the economy's performance. The authorities have assigned top priority to this program, and a number of multilateral and bilateral agencies have provided and are continuing to provide technical support to the Central Bank to help improve its statistical services and outputs.
- 4.2 The intra- and interagency coordination with various government agencies envisaged in this technical cooperation will strengthen the work of the Economic Studies Bureau while at the same time developing joint mechanisms for mutual support.

#### V. EVALUATION

- 5.1 Information and data obtained in the course of the program will be used in a midterm evaluation to be conducted one year after the operation begins, which will focus on efficiency and effectiveness gains achieved. In addition, on the basis of the last six-month progress report, the executing agency will work with the Bank to produce a project completion report to be presented three months after the last disbursement.

#### VI. ELIGIBILITY

- 6.1 At its meeting of February 14, 1996, the Bank's Programming Committee expressed its concurrence with the general lines of the technical-cooperation profile submitted for its consideration, and gave authorization to proceed with the analysis and processing of the operation.

## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION
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support the Paraguayan government in starting a program to improve the national statistics system, which will strengthen the analyses made by agencies responsible for economic monitoring and policy formulation.

to strengthen the Central Bank of Paraguay in the recording of economic statistics pertaining to the national accounts, short-term indicators and balance of payments; to strengthen interagency coordination for the collection, production, and exchange of data of interest for economic analysis and, consequently, for economic policy design; and to prepare a study of the present national statistics system that can serve as the basis for preparing a comprehensive program to improve the system in the medium term.

### 1. DIAGNOSTIC STUDY OF THE NATIONAL STATISTICS SYSTEM AND PROPOSAL FOR A STRENGTHENING PROGRAM

To ascertain the true state of the national statistics system, its problems, constraints, potential, and possible areas of action for strengthening the system.	External consulting services to produce a two-part report: (i) a diagnostic study of the present status of the national statistics system, including the treatment of the informal sector of the economy; and (ii) a proposal for a program of comprehensive improvement of the national statistics system.	<p>Diagnostic study prepared describing (i) the public agencies responsible for statistics; (ii) the legal framework within which this work is performed; (iii) problems encountered in statistics production; (iv) mechanisms for data transmission and exchange; (v) overlaps in statistics production, and (vi) assistance received from bilateral and multilateral institutions, objectives, outcomes, and problems encountered.</p> <p>Proposal for a program to improve the national statistics system, prepared, with details of: (i) definition of program components, methodology for including the informal sector of the economy in statistics; (ii) proposed revamping of the legal framework; (iii) action for execution of the program; (iv) schedule of implementation; (v) estimated costs of the program, distinguishing between current and capital expenditures; (vi) identification of bilateral or multilateral sources of financing and (vii) assessment of needs for qualified human resources (quantity and quality).</p>
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### 2. IMPROVEMENT OF THE NATIONAL ACCOUNTS

To help the Paraguayan government review and improve the national accounts, refine the statistical synopsis system and strengthen its macroeconomic reporting capacity.		
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## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION
<b>a. Basic work required for implementation of United Nations SNA rev. 4</b>		
<p>Development of a basic accounting set-up in the context of implementation of U.N. SNA rev. 4.</p>	<p>Compiling of supply and use tables.</p> <p>Preparation of an intermediate system of economic accounts in the context of U.N. SNA rev. 4.</p> <p>Change of base year for the national accounts.</p> <p>Adaptation and implementation of the SNA database.</p>	<p>Preparation of nine basic special studies: (i) personnel; (ii) taxes on output; (iii) distribution margins; (iv) foreign trade; (v) household consumption; (vi) gross capital formation; (vii) remuneration; (viii) intermediate demand; and (ix) informal sector.</p> <p>Preparation of seven special surveys: (i) food industry — (ii) textile industry — garment manufacture; (iii) retail trade; (iv) professional services; (v) entertainment services; (vi) repairs and maintenance; and (vii) hairdressing and beauty shop services.</p> <p>Compiling of current and accumulation accounts in the institutional sectors: financial, government, and rest of the world.</p> <p>Report on two two-week internships at the Central Bank of Chile.</p> <p>Compiling of the new national accounts for 1991-1995.</p> <p>Compiling of a linked GDP series by origin and expenditure, and constant prices, for the period 1950-1990.</p> <p>SYBASE software installed in eight computers in the National Accounts Division.</p> <p>Integrated System of National Accounts (ISNA) implemented and operational.</p> <p>Report on two internships in the Central Bank of Chile.</p>

## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION
<b>b. Development and implementation of the MEAI and quarterly GDP compiling</b>		
<p>To help the Central Bank refine the summary statistics system and bolster its capacity to yield short-term macroeconomic data. This would be achieved through the implementation (including publication) of the present MEAI and of quarterly GDP, which will require improvement and expansion of their coverage, chiefly in the services area.</p>	<p>Implementation (including publication) of the present MEAI and of quarterly GDP, with expansion of their coverage, mainly in the services sphere.</p>	<p>Definition, design and development of the calculation of indicators on the expenditure side (total consumption, total in exports and imports of nonfactor goods and services).</p> <p>Development of short-term indicators for the following transport and communications, general government, construction, industry, hotels and restaurants and financial sector.</p> <p>Development and implementation of a data-processing platform for calculations (including software needed for database implementation) in the context of the ISNA.</p>
<b>3. IMPROVEMENT IN TRANSACTIONS RECORDING IN THE BALANCE-OF-PAYMENTS CURRENT ACCOUNT</b>		
<p>The objectives of this component are to (i) improve the quantification and recording of current-account items with a large percentage of unrecorded transactions and, hence, considerable margins of error; and (ii) strengthen the Integration Section's capacity to analyze the impact of integration processes on Paraguay's macroeconomic situation.</p>		
<b>a. Diagnostic study of incoming tourism in Paraguay</b>		
<p>To improve the recording of balance-of-payments statistics by improving the methodology used for measuring unrecorded transactions, especially in triangular trade, reexports and purchasing tourism.</p>	<p>Design, preparation and implementation of a survey of travel services in the border cities of Ciudad del Este and Encarnación.</p>	<p>Three annual reports from the survey, with data on (i) nonresidents and nonresidents visiting Ciudad del Este and Encarnación; (ii) estimated expenditure per person; and (iii) average expenditure on goods intended for reexportation.</p>

### LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION
<b>b. Design and Implementation of the Computerized Foreign Trade Statistics System (RICE)</b>		
<p>To add the infrastructure needed to make for more efficient compiling and processing of foreign trade statistics, and create a computer network linked to the database of the National Accounts and Domestic Market Department.</p>	<p>Definition of the database to be created and/or reconfigured.</p> <p>Purchase, installation of and training in the operation of hardware needed for the network.</p> <p>Selection and/or design, installation and training in software to be used.</p> <p>Design and implementation of the computer network linked to the database of the National Accounts and Domestic Market Department.</p>	<p>Database created.</p> <p>Hardware installed and personnel trained in its use.</p> <p>Software installed and personnel trained in its use.</p> <p>Computer network in place and linked into the database of the National Accounts and Domestic Market Department.</p>
<b>c. Support for the Economic Integration Section</b>		
<p>To strengthen the Central Bank unit in charge of assessing the impact on the country's macroeconomic situation of integration processes in which Paraguay is involved.</p>	<p>External consulting support to strengthen the analysis and research capacity of Economic Integration Section staff in the area of economic integration.</p> <p>External consulting support to determine mechanisms whereby macroeconomic shocks in MERCOSUR countries, especially Brazil and Argentina, are transmitted into Paraguay.</p> <p>Internships to learn, on the spot, about analysis and negotiation conditions in countries with experience in integration.</p>	<p>Two external consultancies performed by experts in integration.</p> <p>Two one-week internships completed in Spain.</p> <p>Two one-week internships completed in Belgium.</p>

## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION
<b>4. DESIGN AND IMPLEMENTATION OF THE STATISTICAL INFORMATION SYSTEM</b>		
<p>To strengthen intra- and interagency coordination in the collection, production, and exchange of data of interest for economic analysis and, hence, for economic policy design.</p>	<p>Design and/or standardization and implementation of a mechanism for transmitting statistical data between Central Bank units.</p> <p>Design and/or standardization and implementation of a mechanism for transmitting statistical data between the Central Bank's Economic Studies Bureau and other government bodies that use data it produces (Technical Planning Secretariat of the Office of the President — TPS; DGEEC; Ministry of Finance; other ministries).</p> <p>Design and/or standardization of a mechanism for transmitting statistical data between the Central Bank's Economic Studies Bureau and private-sector institutions that use data it produces.</p>	<p>Transmission mechanism for statistical data between Central Bank units implemented.</p> <p>Transmission mechanism for statistical data between the Central Bank's Economic Studies Bureau and the TPS, DGEEC and Ministry of Finance implemented.</p> <p>Transmission mechanism for statistical data between the Central Bank's Economic Studies Bureau and the private sector implemented.</p>

PROPOSED RESOLUTION DE- /96

PARAGUAY. NONREIMBURSABLE TECHNICAL COOPERATION  
FOR THE STRENGTHENING SUPPORT PROGRAM OF THE NATIONAL STATISTICS

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is hereby authorized, in the name and on behalf of the Bank to enter into such agreements as may be necessary with the Republic of Paraguay and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document \_\_\_\_\_ with respect to the nonreimbursable technical cooperation for the execution of the Strengthening Support Program of the National Statistics.
2. That up to the equivalent of US\$1,000,000, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.
3. That the above mentioned sum is to be provided on a nonreimbursable basis.