

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PARAGUAY

PROGRAM TO SUPPORT TRANSFORMATION OF THE PUBLIC SECTOR II

(PR-L1185)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Mariano Lafuente, Project Team Leader (IFD/ICS); Alejandro Pareja (IFD/ICS), Oscar Lora (IFD/FMM), and Joaquín Domínguez (IFD/CMF), Alternate Project Team Leaders; Nicolás Dassen, Catherine de la Torre, José Antonio Mejía, Edgardo Mosqueira, Juan Cruz Vieyra, and Sonia Rojas (IFD/ICS); Ana Cristina Calderón, Axel Radics (IFD/FMM); Jorge Luis González, and Jorge Seigneur (VPC/FMP); María Soledad Feal and Rocío Acosta (CSC/CPR); Gastón Pierri (SPD/SDV); Viviana Maya (LEG/SGO); and Horacio Nemeth, Luciano Strazza and Denisse Wolfenzon (consultants). The team thanks Claudia Suaznábar (IFD/ICS) for her input.

In accordance with the Access to Information Policy, this document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problem addressed, and rationale	1
B.	Objectives, components, and cost	11
C.	Key results indicators	14
II.	FINANCING STRUCTURE AND MAIN RISKS	15
A.	Financing instruments	15
B.	Environmental and social risks.....	16
C.	Fiduciary risks	16
D.	Other risks and key issues	16
III.	IMPLEMENTATION AND MANAGEMENT PLAN	18
A.	Summary of implementation arrangements	18
B.	Summary of arrangements for monitoring results	19
IV.	POLICY LETTER	19

APPENDICES

Proposed resolution

ANNEXES	
Annex I	Summary Development Effectiveness Matrix
Annex II	Policy Matrix
Annex III	Results Matrix

LINKS
REQUIRED
1. Policy letter
2. Means of verification matrix
3. Monitoring and evaluation plan
OPTIONAL
1. Comparative matrix
2. The Bank's analytical work and technical assistance related to the program
3. The program's contribution to gender equity and diversity
4. Strengthening of the institutional capacity of the Development Finance Agency
5. Ministry of Finance note reporting fulfillment of the first operation's policy measures

ABBREVIATIONS

AFD	Agencia Financiera de Desarrollo [Development Finance Agency]
CGR	Office of the Comptroller General of the Republic
DEM	Development Effectiveness Matrix
DNCP	Dirección Nacional de Contrataciones Públicas [National Public Procurement Office]
DPE	Dirección de Política de Endeudamiento [Debt Policy Office]
GMA	Government ministries and agencies
IMF	International Monetary Fund
INE	National Institute of Statistics
MEP	Monitoring and evaluation plan
MITIC	Ministry of Information and Communication Technologies
NSDS	National Strategy for the Development of Statistics
OECD	Organisation for Economic Co-operation and Development
PBL	Policy-based loan
PBP	Programmatic policy-based loan
PCI	Policy coordination instrument
SENAC	Secretaría Nacional Anticorrupción [National Anticorruption Secretariat]
SENADIS	Secretaría Nacional por los Derechos Humanos de las Personas con Discapacidad [National Secretariat for the Human Rights of Persons with Disabilities]
SIABYS	Sistema Integrado de Administración de Bienes y Servicios [Integrated goods and services administration system]
SICP	Sistema de Información de Contrataciones Públicas [Public procurement information system]
SII	Sistema de Intercambio de Información [Information Exchange System]
SISEN	Sistema Estadístico Nacional [National Statistical System]
STP	Secretaría Técnica de Planificación [Technical Planning Secretariat]
USAID	U.S. Agency for International Development

PROJECT SUMMARY

PARAGUAY PROGRAM TO SUPPORT TRANSFORMATION OF THE PUBLIC SECTOR II (PR-L1185)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Republic of Paraguay			Amortization period:	20 years
Executing agency:			Disbursement period:	2 years
Ministry of Finance			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	SOFR-based
IDB (Ordinary Capital):	150 million	100	Credit fee:	(c)
			Inspection and supervision fee:	(c)
Total:	150 million	100	Weighted average life:	12.75 years
			Approval currency:	U.S. dollar
Project at a Glance				
Program objective/description: The general development objective of this program is to boost the effectiveness of the public sector by: (i) increasing the efficiency of public management; (ii) enhancing the effectiveness of public management; and (iii) improving the integrity and transparency of public management. This operation is the second of two consecutive loans that are technically linked but independently financed as programmatic policy-based loans in accordance with the document Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2).				
Special contractual conditions precedent to disbursement of the loan: Disbursement of the single tranche will be subject to fulfillment of the policy reform conditions established in the policy matrix, the policy letter , and the loan contract (paragraph 3.4).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input type="checkbox"/>		PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GE (Gender Equity) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Background from the first operation.** This is the second and last operation in a programmatic series, under the programmatic policy-based loan (PBP) modality. In the first operation (loan [5480/OC-PR](#)), which was approved in February 2022 and disbursed in the amount of US\$200 million in October 2022, the program supported policy measures in four components: (i) macroeconomic stability; (ii) key management systems; (iii) enabling factors for better management; and (iv) key institutions for sustained economic development. These measures combined both regulatory and public policy design reforms in the component on key management systems, including substantial reforms in the management of organizational structures, the civil service and public procurement; and regulatory and implementation measures in the components on enabling factors for better management and on key institutions for sustained economic development.
- 1.2 **Macroeconomic context.** Following a recovery in 2021 after the pandemic, Paraguay's economy showed virtually no growth in 2022 owing to the severe droughts that afflicted the country and less comfortable domestic and global financial terms. According to the International Monetary Fund (IMF), real gross domestic product (GDP) is expected to expand by 4.3% in 2023 and by an estimated 3.5% in the medium term. Although the fiscal accounts deteriorated in the wake of the COVID-19 crisis, the government is committed to its fiscal consolidation plan. In 2022, the central government fiscal deficit reached 3% of GDP; and, by 2024, it should be below the fiscal deficit ceiling of 1.5% of GDP as required by the fiscal responsibility law.
- 1.3 Paraguay's public debt is among the lowest in the region relative to GDP but has continued to trend upward, reaching 36.3% of GDP as of November 2022. Inflation began moderating in the last few months of 2022, ending the year at 8.1%, and is expected to return to the target band of 4% \pm 2 percentage points by end-2023. As a consequence, the central bank discontinued monetary policy rate hikes in October 2022 after 14 consecutive months of increases. Paraguay's international reserves stock, representing 22% of GDP, is sufficient to meet its short-term obligations. In addition, exchange rate flexibility continued to cushion external shocks.
- 1.4 **Progress and challenges in transforming Paraguay's public sector.** In recent years, Paraguay has adopted measures that support the transformation of the public sector. Through the 2018-2023 Government Plan and the Ñapu'ã Paraguay Economic Recovery Plan in response to the COVID-19 crisis, the government is determined to make headway on key reforms that promote the transformation of the public sector. The aim is to enhance the quality of public expenditure, which, it is hoped, will contribute to greater economic development in the long term. The proposal for transformation of the public sector is based on building institutional capacity through inclusive public policies targeted on citizen services, with a strategic vision and stronger institutions. The crosscutting principles are transparency, integrity, institutional and intergovernmental coordination, and robust support for e-government, contributing to more effective, efficient, and open public management.

- 1.5 Paraguay's progress on this agenda since the first operation includes the measures that have been identified in this program (in both the first and the second operations), along with a number of additional measures complementary to the program. These include the passing by both chambers of Congress, with minor amendments, of the bill that establishes the regime governing the prevention, correction, and sanction of conflicts of interest in the civil service, which had been submitted to Congress as part of the first operation. In addition, the Higher Technical Institute of Public Procurement was created in November 2021 and began operating in 2022, with the aim of professionalizing the public procurement function.¹ These and other policy measures, which were implemented within approximately one year following the approval of the first operation, reflect the government's ongoing endeavors to deepen this type of reform.
- 1.6 **Problems addressed by the program.** The program supports policy measures to strengthen Paraguay's institutional capacity, seeking to overcome the shortcomings in public sector efficiency, effectiveness, and transparency that were identified in the first operation of the programmatic series and remain relevant for this second operation.² Paraguay suffers from significant deficiencies in public-sector management. Although it had been improving its position in the Government Effectiveness Index in recent years, moving from the 17th percentile in 2015 to the 35th in 2020, it is still far from the Latin American and Caribbean averages (53rd and 51st percentiles, respectively).³ Furthermore, "inefficient government bureaucracy" was the third most problematic factor for doing business in Paraguay in 2018,⁴ and inefficiency in annual public spending was calculated as being equivalent to 3.9% of GDP (with 1.5% originating in public procurement and 1.1% in wages).
- 1.7 The program addresses challenges in the design and development of key crosscutting administrative systems, such as the rationalization of executive branch organizational structures, the development of a professional and merit-based civil service, and the strengthening of government supply and procurement systems. It also seeks to resolve regulatory and implementation deficiencies in factors that enable good management, such as the national statistical system, e-government and transparency, and public sector integrity. Lastly, it focuses on strengthening aspects of governance and management in key institutions for sustained economic development, such as the Development Finance Agency (AFD). The program tackles these challenges through regulatory measures, and also through effective policy implementation, including the use of

¹ [DNCP Resolution 4336/2021](#).

² See loan proposal for the first operation in this programmatic series (loan [5480/OC-PR](#)), paragraphs 1.8 to 1.11. Approved in 2022 and already disbursed.

³ [World Bank – Worldwide Governance Indicators, 2021](#). Aggregate indicators that capture perceptions of the quality of public services and the civil service, the quality of policy formulation and implementation, and regulatory overburden, among other key aspects of public sector institutional capacity. Zero is the lowest score and 100 the highest. In 2021, Paraguay fell to the 29th percentile and Latin America to the 50th.

⁴ The two leading factors were corruption and an inadequately educated workforce. [World Economic Forum \(2017/2018\)](#).

pilot projects to make practical progress and garner key lessons that inform ongoing reforms and build capacity in Paraguay's civil service teams.

- 1.8 **First operation and program progress.** The set of 11 legislative and administrative measures that were supported by the first operation were fully implemented by Paraguay, as evidenced by the official government communication received in October 2022 (see [optional link 5](#)). The approval and implementation of these reforms are already having an impact on Paraguay's economic development, by reducing the relative cost of public sector financing. For example, in July 2022, the international credit rating agency, Moody's, acknowledged the progress made by Paraguay in reforms to government supply and procurement, the civil service, and transparency and integrity. These were considered factors justifying an upgrade of Paraguay's rating outlook from "stable" to "positive," as the reforms enhance the efficiency of public expenditure and create fiscal space for infrastructure spending and for building human capital.⁵ The measures in question are described in detail below for each component.
- 1.9 **Key management systems.** In this component, the Paraguayan government made progress with six specific measures, all of them with technical assistance from the Bank:⁶ (i) preparation of a bill establishing an organizational framework for the public sector; (ii) publication of a decree that tightens control over the creation of new organizational structures in executive branch government ministries and agencies (GMAs) and decentralized agencies that would have budgetary consequences, avoiding duplication of functions, and also establishes a maximum of two levels of management below that of senior manager for all modifications; (iii) submission to Congress of a bill on the civil service and the civil service career, which included a broad socialization process between 2020 and 2022 and incorporated lessons learned from recent reforms in other countries in the region; (iv) publication of a decree tightening control over the creation of new positions, establishing multiyear planning for GMA staffing levels, which retroactively applies public competition as the only avenue of entry into the public service for positions that were filled without competition between 2016 and 2018; (v) submission to Congress of a bill on government supply and procurement, also including a broad socialization process and taking into account lessons learned from recent reforms in other countries in the region; and (vi) implementation of a digital tool to establish early warnings in public procurement processes by crossing databases and using artificial intelligence to identify potential corruption risks.
- 1.10 **Enabling factors for better management.** In this component the government made progress with four specific measures, three of which received technical assistance from the Bank: (i) publication of the law requiring modernization of the

⁵ Moody's (2022). [Moody's affirms Paraguay's Ba1 ratings; changes outlook to positive from stable](#).

⁶ The Bank's technical assistance for all components was provided through in-house specialists and consulting services financed through the operational support technical cooperation project [ATN/OC-18590-PR](#), approved in 2021 for US\$200,000, as well as other client support technical cooperation projects, as follows: [ATN/OC-18009-RG](#), approved in 2020 for US\$500,000; [ATN/OC-18047-RG](#), approved in 2020 for US\$500,000 (financed by the Transparency Fund); [ATN/OC-17888-PR](#), approved in 2020 for US\$495,721,000; and [ATN/OC-17502-PR](#), approved in 2019 for US\$150,000. See [optional link 2](#) for further details.

national statistical system (SISEN) and creating the National Institute of Statistics (INE); (ii) implementation of Law 6562/2020, which promotes reduced paper use in public management, replacing it with digital formats both for internal management and for citizen services; (iii) publication of the Administrative Procedures Act which establishes that citizens cannot be required to present documents that are already in the government's possession ("once only" principle), the possibility of signing different administrative acts of the same nature with a single digital signature, and interoperability and permanent, direct exchange of data between GMAs as a matter of public interest; and (iv) submission to Congress of a bill on the prevention, correction, and sanction of conflicts of interest in the civil service, which incorporated international best practices and involved a major socialization effort.

- 1.11 **Key institutions for sustained economic development.** The Paraguayan government was able to advance a specific measure, with technical assistance from the Bank, namely the publication of the law that amends the AFD's charter, strengthening the governance of public finance for economic development.
- 1.12 Paraguay is determined to move toward more efficient and effective public management (i.e. doing more and better with less) while ensuring adequate levels of transparency and integrity. This institutional capacity strengthening is crucial for boosting sustainable economic growth; and it is also a fundamental part of creating a business climate that encourages investment and supports private sector development. This second operation will continue to support measures that address the challenges originally identified, in order to strengthen institutional capacity in a context of tighter fiscal constraints and in light of the opportunities afforded by digitalization. It seeks to address deficiencies in the adoption of public policies, mainly in relation to the key management systems component. It will also address policy implementation shortcomings in the components on enabling factors for better management and on key institutions for sustained economic development. Measures targeting these aspects are identified, as described in the document.
- 1.13 **Gender gaps and diversity.** In September 2021, an analysis was conducted of women's participation in decision-making positions in a number of public sector agencies.⁷ Despite measures promoting equal access to management positions by the Paraguayan public sector, there is still a gender gap in decision-making jobs. Forty-two percent of senior management posts and 46% of management positions in the executive branch were held by women, compared to 58% and 54% by men, respectively. Moreover, having quality data that adequately reflects the situation of women and girls in Paraguay is essential for decision-making. Currently, there are gaps in gender statistics owing to the lack of complete lists of relevant gender indicators and weaknesses in data quality, timeliness, and comparability. For example, there are still 21 Sustainable Development Goal (SDG) indicators that are not available and could not be reported; and 60% of public sector representatives in the SISEN stated that the timeliness of gender statistics needs to be improved. Fewer than half of them believe that gender

⁷ Technical Planning Secretariat (STP), Ministry of Finance, Ministry of Industry and Commerce, Ministry of Education and Science, Ministry of Public Health and Social Welfare, and Ministry of Social Development.

statistics correctly estimate what they purport to measure.⁸ Lastly, the number of persons with disabilities is underestimated by the National Secretariat for the Human Rights of Persons with Disabilities (SENADIS): whereas an estimated 10% of the Paraguayan population has some type of disability, SENADIS has only 1.5% registered. Moreover, the institution does not make procedures available online, which makes it harder for persons with disabilities to access and make use of essential public services. For further information, see the annex on gender and diversity ([optional link 3](#)).

- 1.14 **Pending challenges.** There are still pending challenges in the medium term that are not addressed by this operation. These include the following: (i) the approval, regulation and implementation of the bills currently being considered by Congress, such as those on the civil service and organization of the public sector, as well as their effective implementation, which is expected to be promoted through the pilot projects supported by this operation; (ii) regulation and implementation of the new law on government supply and procurement, including governance and technical considerations that will make it possible to improve effectiveness, efficiency, and transparency; (iii) the expansion of digital transformation in the public sector, including in subnational governments; (iv) implementation of the statistical development strategy and strengthening of the SISEN; and (v) the consolidation of AFD institutional reform.
- 1.15 **Rationale.** To address the challenges mentioned in the first operation, a series of policy measures were fully implemented by the government ([optional link 5](#)). As noted in the previous paragraphs, there are several outstanding challenges associated with those identified for the first operation, especially on implementation matters, which this second operation seeks to address. Also included are new policy measures on which it was possible to make progress since the first operation and are now justified for inclusion in this second one, to reflect the country's commitment to the public sector transformation agenda.
- 1.16 Having made progress with most of the measures in this second operation, as described in this document, and seeking to maintain a stable macroeconomic framework that will enable the country to meet some of the additional financing needs, the government asked the Bank to process this second and last operation to complete the programmatic series.
- 1.17 **Empirical evidence.** The literature and international experience suggest that the policy actions supported by this operation will contribute to the program's expected results and to sustained economic growth. With regard to the key management systems, there is evidence that digitalization and the adoption of mechanisms such as centralized procurement and framework agreements (virtual store) lead to savings through economies of scale, and also through higher productivity owing to better use of public servants' time thanks to the automation of some of their tasks, and to increased competition and transparency (IDB, 2021; de Michele and Pierri, 2020; Picci, 2006).⁹ In terms of

⁸ Source: INE (2021). [Evaluación de brechas de datos y capacidades para mejores estadísticas de género. Paraguay, 2021](#). See also [optional link 3](#).

⁹ For the estimated impact of savings from the bill on government supply and procurement, see [Rossi, M. and D. Delic \(2021 – unpublished\), Proyecto de Ley de Suministro y Contrataciones Públicas: Análisis de Potenciales ahorros](#), an IDB-sponsored consulting project, Washington, D.C.

professionalization of the civil service, different studies have found evidence that it leads to higher economic growth and per capita income for countries as well as a reduction in corruption and poverty levels (Evans and Rauch, 1999; Henderson et al., 2003; Dahlström, Lapuente, and Teorell, 2011; Knack and Keefer, 1995; Mauro, 1995; Acemoglu, Johnson, and Robinson, 2001; Dollar and Kraay, 2003; Rodrik, Subramanian, and Trebbi, 2004). It also leads to improved service delivery (Lira, 2012), greater trust in government (Maxfield and Schneider, 1997; Van de Walle, Van Roosebroek, and Bouckaert, 2005; Cai et al., 2009; Sacks, 2010) and even to better budget execution of investment spending (SERVIR, 2014).

- 1.18 As for the role of national statistical systems as enablers of better management, various studies have found a causal relationship between the availability of data and the economic and social outcomes of public policies (Jensen, 2010; Björkman and Svensson, 2007; Alatas et al., 2012) and its impact on the proper allocation of intergovernmental transfers (IDB, 2019), etc. Lastly, in e-government, the literature shows that digital public services are faster (by 74% on average), cheaper to provide (the unit cost per service is 74% lower for society at large and 40% lower for the public administration compared to in-person transactions), and less vulnerable to corruption. Digitalization promotes benefits including greater public sector efficiency and savings for society.¹⁰
- 1.19 **The Bank's experience in Paraguay and complementarity with other Bank operations.** Several of the policy measures in this operation are closely linked with the Bank's portfolio in the country in the area of institutional capacity, for which the IDB is a strategic partner. The Bank has been collaborating in the design of this programmatic series through dialogue, technical assistance, and support for the measures that were part of the first operation and also for those included in this second one.
- 1.20 The investment operations that strongly complement this program include activities to: (i) modernize public procurement, particularly the public procurement information system (SICP) which is the digital transaction platform for public procurement;¹¹ (ii) modernize the SISEN and facilitate institutional development of the INE;¹² and (iii) implement the government's digital agenda, including improvements in processes and the digitalization of services.¹³ The program is complemented by policy-support operations in a context of continuity and deepening of reforms in the areas of: (i) transparency and integrity, especially through the programmatic series entitled Program to Support the Transparency Agenda in Paraguay;¹⁴ (ii) public procurement, through the Program to Strengthen Public Policy and Fiscal Management in Response to the Health and

¹⁰ [IDB \(2018\)](#) and [IDB \(2022\)](#).

¹¹ Loan [4671/OC-PR](#) (2018), Investments in Public Finance for Sustainable Development, approved in 2018, currently in execution with 17% disbursed.

¹² Loan [5224/OC-PR](#) (2021), Program to Strengthen Paraguay's National Statistics System, approved in 2021, currently in execution with 68% disbursed.

¹³ Loan [4650/OC-PR](#), Digital Agenda Support Program, approved in 2018, currently in execution with 13% disbursed.

¹⁴ Loans [4866/OC-PR](#) and [5244/OC-PR](#), Programmatic series to Support the Transparency Agenda in Paraguay, consisting of two operations approved in 2019 and 2021, already disbursed.

Economic Crisis Caused by COVID-19 in Paraguay;¹⁵ (iii) e-government, through the Public Policy Support Program for the New Economy;¹⁶ and (iv) strengthening of key institutions for economic development, through the program entitled Productive Paraguay: Transparency and Financing.¹⁷

- 1.21 **Technical cooperation.** The technical cooperation project for operational support, “Institutional Strengthening of the Ministry of Finance for Transformation of the Public Sector” ([ATN/OC-18590-PR](#)), approved in April F2021 for US\$200,000 and currently in execution (all its funds have been executed or are committed), aims to strengthen the Ministry’s capacities for the design and implementation of the Program to Support Transformation of the Public Sector. This technical cooperation operation was fundamental in assisting the government in fulfilling the measures for the first operation, and also in the substantial progress achieved, in approximately one year, in fulfilling the second operation’s measures (paragraph 1.25). The objective of the technical support project for operational support, “Institutional Strengthening of the Ministry of Finance for Transformation of the Public Sector II” ([ATN/OC-19757-PR](#)), approved in December 2022 for US\$200,000, now in execution), is to strengthen the Ministry’s capacities to implement the Program to Support Transformation of the Public Sector II, and also to evaluate the programmatic series.
- 1.22 **The Bank’s value added.** In addition to support provided through the investment and policy-support operations mentioned above, in the area of technical assistance (on the diagnostic level and in technical inputs for preparing bills and other measures) the Bank has supported the Paraguayan government with greater intensity since 2017 on all of the operation’s topics.¹⁸ Since the first operation was approved in February 2022, support has been provided through consulting assignments with international experts, technical assistance from other governments, and workshops and technical assistance from the Bank team. The issues addressed include: (i) the bill establishing an organizational framework for the public sector, with participation by former civil servants from Colombia, Ecuador, Peru, and the United Kingdom; (ii) design of the pilot project on public sector managers, drawing on lessons learned in Brazil, Chile, Peru, and member countries of the Organisation for Economic Co-operation and Development (OECD); (iii) implementation of a pre-pilot structure of civil service job classifications and pay scales, with technical assistance from former civil servants from the United Kingdom and the National Civil Service Office of Uruguay; (iv) workshops to coordinate the new processes resulting from the reform of government supply and procurement with the implementation of the integrated financial administration system (SIAF), in line with recent Bank support provided to Peru on the same subject; (v) implementation of the early warning

¹⁵ Loans [5028/OC-PR](#) and [5544/OC-PR](#), Programmatic series to Strengthen Public Policy and Fiscal Management to Address the Health and Economic Crisis Caused by COVID-19, consisting of two operations approved in 2020 and 2022, the first was disbursed and the second is pending disbursement.

¹⁶ Loan [4985/OC-PR](#), Public Policy Support Program for the New Economy, approved in 2020 and pending disbursement.

¹⁷ Loan [4401/OC-PR](#), Productive Paraguay: Transparency and Financing, approved in 2017 and already disbursed.

¹⁸ See loan proposal for the first operation in this programmatic series, loan [5480/OC-PR](#), approved in 2022 and already disbursed.

tool in the context of the IDB “Mapa Inversiones” initiative; (vi) INE’s staffing chart and strategic plan; (vii) the preparation of digitalization plans for 30 GMAs; (viii) recommendations based on international experiences for the regulation of the administrative procedural law, concerning the use of electronic media for public management; (ix) the preparation of inputs for the proposed regulation on the prevention of conflicts of interest in the civil service, including dissemination of the bill in Congress with presentations by Bank experts; and (x) the preparation of inputs for the regulatory decree on the AFD’s organic charter.¹⁹ All of this support has been crucial for making progress in this second operation of the programmatic series in a period of approximately one year.

- 1.23 **The Bank’s experience in the sector.** The program will leverage the Bank’s experience and lessons learned from other programs to transform the public sector in the region, such as the Support to the Public Sector Transformation Programme (loan [4373/OC-JA](#)) in Jamaica, approved in 2017 for US\$110 million; the Program to Support Transparency and Integrity Reforms I and II (loans [4244-OC/AR](#), approved in 2017 for US\$200 million and [4796-OC/AR](#), approved in 2019 for US\$200 million) in Argentina; and Chile’s Integrity and Transparency Agenda Support Program I and II (loans [3617/OC-CH](#), approved in 2015 for US\$130 million, and [3748/OC-CH](#), approved in 2016 for US\$100 million), among others. The program will also draw on the knowledge and data generated and systemized in regional publications, such as [Better Spending for Better Lives \(2018\)](#), [Digital Transformation and Public Employment: The Future of Government Work \(2021\)](#), [Marcos Legales Estadísticos \(2020\)](#), and [Conflicto de Intereses: Desafíos y oportunidades para implementar un sistema efectivo de prevención y control \(2018\)](#).
- 1.24 **Lessons learned that are applicable to the program** include the following: (i) the need to ensure that governments have a high degree of ownership of the reforms; (ii) appropriate sequencing of the reforms, taking into account the capacity of the institutions involved and developing a horizontal logic to make gradual headway on the reforms, combining regulatory progress with the improvement in technical capacity; (iii) the reforms envisaged should incorporate the interests and capabilities of the agencies that will implement them to improve their effectiveness; (iv) ensure adequate technical assistance to support the design and implementation of the program’s policy measures (including technical cooperation and/or investment projects) for crucial investments in information systems and key institutional strengthening for effective implementation of the reforms; and (v) the need for adequate coordination among the different agencies participating in this multisector program.²⁰
- 1.25 This programmatic series also considered the importance of aligning the reforms to transform the public sector with the international standards and initiatives

¹⁹ Technical assistance in these areas was provided through technical cooperation project for operational support [ATN/OC-18590-PR](#), approved in 2021 for US\$200,000; and client support provided by other technical cooperation projects, as follows: [ATN/OC-18009-RG](#), approved in 2020 for US\$500,000; [ATN/OC-18047-RG](#), approved in 2020 for US\$500,000 (funded by the Transparency Fund); [ATN/OC-18470-RG](#), approved in 2020 for US\$200,000; and [ATN/OC-17888-PR](#), approved in 2020 for US\$495,721,000. See [optional link 2](#) for more details on the reports produced.

²⁰ These lessons are highlighted in the aforementioned project completion reports, available at [optional link 2](#).

adhered to by countries for the different areas it covers. These include: (i) civil service management and government supply and procurement systems, with recommendations from the IMF in its most recent report on Paraguay, specifically related to improving governance and efficiency in public-sector spending;²¹ (ii) civil service, with the recommendations of the OECD and the Ibero-American Public Service Charter; (iii) statistics, with the Busan Action Plan for Statistics; (iv) e-government, with the OECD and United Nations recommendations; and (v) transparency and integrity, with the OECD Guidelines for Managing Conflict of Interest in the Public Service and the United Nations Convention against Corruption.

1.26 Coordination with donors and other international organizations. The Bank has coordinated with other donors in technical work related to the program, to enhance the impact of the policy measures supported by the operation. In November 2022 The IMF approved a Policy Coordination Instrument (PCI), which aims to support the continuity of government reforms and policies, and highlights the importance of advancing structural reforms and transformation of the public sector as key to public finance sustainability and the foundation for sustained growth.²² This program reinforces Paraguay's commitment to the transformation of the public sector, has important synergies with this operation, and enhances the sustainability of the reforms. In addition, the European Union's technical assistance program with Paraguay supports public finance management and specifically implementation of the law on government supply and procurement. In this context, the Bank is working with the European Union and the Ministry of Finance to prepare terms of reference for support consulting services, and the respective quality control.²³ The programmatic series also complements the technical assistance provided by the U.S. Agency for International Development (USAID) under the Democracy and Governance Program (2013-2021), which supported agendas including those relating to the civil service, public procurement, and transparency and integrity.²⁴ By contributing with open data in the reform of government supply and procurement, among other areas, it has synergies with the pillar of responsible citizen control to combat corruption and impunity under the USAID 2020-2025 program with Paraguay.²⁵

1.27 Strategic alignment. The program is consistent with the second Update to the Institutional Strategy 2020-2023 (document AB-3190-2) and strategically aligned with the challenge of productivity and innovation, as it will improve the quality of

²¹ [IMF \(2022\)](#).

²² The PCI is a nonfinancial instrument for monitoring economic policy and commitment to reforms. This PCI supports the new law on government supply and procurement, the civil service and civil service career bill, and the bill establishing an organizational framework for the public sector. It also supports the strengthening of governance and the reduction of vulnerabilities to corruption. For further information, see the [IMF's November 2022 announcement approving the PCI](#). The IMF also highlighted the importance of several of the measures supported by this operation in its most recent Article IV report. [IMF \(2022\)](#).

²³ EU (2022). Technical assistance to strengthen public finances in Paraguay. "Program to support the ¡Vamos! Social Protection System."

²⁴ [USAID \(2019\). Final performance evaluation. USAID/Paraguay Democracy and Governance Program.](#)

²⁵ Available at <https://www.usaid.gov/paraguay/our-work>.

- government services and increase access to and the use of information and communication technologies by strengthening e-government. The program is also aligned with the crosscutting themes of: (i) Institutional Capacity and the Rule of Law, as it will strengthen the government's managerial capacity in key administrative systems and e-government and statistical capacity, transparency on the part of GMAs in delivering public services, and reduced corruption, as well as the strengthening of key institutions for Paraguay's economic development; (ii) Gender Equity, through: (a) the launch of a pilot project on the system of public sector managers in prioritized public institutions, which promotes equal access to management positions for men and women, among other aims; and (b) the strengthening of gender statistics; (iii) Diversity, through the digitalization of SENADIS procedures for persons with disabilities; and (iv) Climate Change, by reducing the use of paper in the public administration, thanks to greater digitalization of internal processes and services (condition 3.2). Under the [Joint Methodology of the Multilateral Development Banks](#), the operation is estimated to contain 8.33% climate finance. These resources contribute to the IDB's climate finance target (30% of the volume of annual approvals). In addition, the program contributes to the Corporate Results Framework (CRF) 2020-2023 (document GN- 2727-12) through the following indicators: (i) Countries with strengthened tax and expenditure policy and management; (ii) Agencies with strengthened digital technology and managerial capacity; and (iii) Agencies with strengthened transparency and integrity practices. Lastly, the operation is included in the Bank's indicative program for Paraguay in 2023.
- 1.28 The program is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) in its public-sector management and financing component, and with the Transparency and Integrity Sector Framework Document (document GN-2981-2), which guides the IDB Group's work with governments in those areas, particularly promoting the alignment of national regulatory frameworks with international standards. The operation is also aligned with the IDB Group Country Strategy with Paraguay 2019-2023 (document GN-2958), specifically with the strategic objectives of: (i) strengthening public management capabilities, including among its expected outcomes, improvement in the quality of the civil service, improvement in the capacities for gathering and processing statistical information, and strengthening of the transparency and audit systems under Components 2 and 3 (paragraphs 1.35 and 1.36, respectively); and (ii) boosting the mobilization of public and private resources for development, including among its expected outcomes, an improvement in the efficiency of public expenditure and strengthening of the public-private partnership framework under Component 4 (paragraph 1.36).
- 1.29 **Gender and diversity.** Pursuant to the Bank's Operational Policy on Gender Equality in Development (Operational Policy OP-761, document GN-2531-10), and the IDB Group Gender and Diversity Action Plan 2022-2025 (document GN-3116-1), the operation contributes to closing the aforementioned gender gaps through two policy measures: (i) the launch of a pilot program of the Public Sector Managers System in prioritized public institutions, which promotes objectives including equal access to management positions for men and

women;²⁶ and (ii) approval of the 2021-2025 Gender Statistics Strategy of the 2021-2030 National Strategy for the Development of Statistics (NSDS). It also contributes to closing diversity gaps by publishing digitalization plans for at least 30 GMAs covered by Law 6,562/2020, which include the digitalization of SENADIS procedures for persons with disabilities.

- 1.30 **Climate finance considerations.** During the first operation of the programmatic series, the signing and publication of Decree 4845 of 2021 (regulating Law 6562 of 2020 on reducing paper use in public administration and replacing it with digital formats) advanced the establishment of budgetary adjustments and procedures for the digitalization of procedures and the monitoring and oversight of compliance with them. As these actions cover all government procedures, it was considered a large-scale transformation for Paraguay. In the second operation, action is focused on the publication of the digitalization plans of 30 GMAs (including institutions that encompass a large number of procedures, such as the Directorate General of Public Records and the Identification Department of the National Police) covered by the aforementioned Law 6562 of 2020, which is considered a substantial advance in the digitalization of all public sector procedures. The formulation of these plans will make it possible to digitalize 426 procedures and will represent a savings of 63% in paper and printing supplies over a five-year period.²⁷ This will have an impact on climate change mitigation by avoiding greenhouse gas emissions, since paper production is a carbon-intensive activity. According to the National Public Procurement Office (DNCP), 982.5 tons of paper were purchased by the general government in 2021; and it is projected that the amount will be reduced by 363 tons by 2025. This reduction could avoid the emission of 570 tons of CO₂ equivalent over five years. In addition to saving paper, and given that 98% of these procedures will be citizen services, the impact on mitigation will be even greater, because user journeys and the corresponding fuel consumption will be avoided. Additionally, the electricity consumed will be obtained from renewable sources,²⁸ so the extra energy consumption resulting from digitalization will not be an additional source of emissions. Hence, the digitalization plan (measure 3.2) counts as climate finance according to the multilateral development banks' methodology.

B. Objectives, components, and cost

- 1.31 **General and specific objectives.** The general development objective of this program is to boost the effectiveness of the public sector by: (i) increasing the efficiency of public management; (ii) enhancing the effectiveness of public management; and (iii) improving the integrity and transparency of public

²⁶ In September 2021, 42% of general management positions and 46% of executive branch management positions were held by women, and 58% and 54% by men, respectively. These positions represent the scope of the pilot project.

²⁷ Based on the UK Government GHG Conversion Factors for Company Reporting estimates for 2022, 0.9194 tons of CO₂ equivalent are generated for every ton of paper produced (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>), representing a 63% reduction in CO₂ equivalent in five years.

²⁸ [Brief overview of the energy sector in Paraguay](#), April 2022.

management. To achieve them, the program has been structured in four components.

- 1.32 The measures of this second operation of the programmatic series aim to close gaps in the issues identified in the first operation, with particular emphasis on implementation and the adoption of legislative measures on key issues. Although only a year has passed since the first operation, the actions proposed for this second operation report significant progress.
- 1.33 **Component 1. Macroeconomic stability.** This component seeks to ensure that a stable macroeconomic framework is maintained, consistent with the program's objectives and the guidelines established in the policy matrix and [policy letter](#).
- 1.34 **Component 2. Key management systems.** This component supports progress on key management system reforms that enhance the efficiency, effectiveness, and transparency of GMAs in delivering public services through: (i) submission to Congress of a proposed law that would govern the organizational structure of the public sector, establishing general principles and rules for the administrative organization of public sector institutions and special provisions on the organization of the Executive Branch; (ii) implementation of the decree that tightens control over the creation of new organizational structures in Executive Branch GMAs and decentralized agencies during 2022, and recommendations for improving its implementation in 2023; (iii) the launch of pilot projects for the reforms envisaged in the bill on the civil service and the civil service career: (a) civil service job classification and pay scales, which promotes items including a standardized job description and appraisal methodology; and (b) the public sector managers system in prioritized public institutions, which promotes aims including merit-based selection of public sector managers and equal access to managerial positions for men and women; (iv) completion of multiyear planning for executive branch staffing levels in the period 2022-2025; (v) (a) progress in the following: (1) professionalization of the public procurement function, through the accreditation of more than 50% of public procurement agents registered in the SICP; and (2) promotion of greater competition in public procurement processes, through the preparation and publication of DNCP resolutions on this subject; (b) substantial progress in increasing the number of items available in the virtual store (framework agreements) to be used by GMAs, and preparation of recommendations for its further expansion; and (c) publication of Law 7,021/2022 on government supply and procurement, which promotes, inter alia, greater efficiency, effectiveness, and transparency through an integrated supply chain approach, consolidated purchases, and digitalization; (vi) progress in implementation of the digital tool to establish early warnings in government procurement processes, demonstrating an increase in the number of such warnings and coverage of the tool at the institutional level, with recommendations for improving the tool's implementation; and (vii) the launch of a pilot project of the integrated goods and services system (SIAByS), which will make it possible to track assets entering the public sector from the reception stage, automate inventories in real time, and have advance knowledge of the commitments required to pay suppliers.
- 1.35 **Component 3. Enabling factors for better management.** This component supports advances in reforming enabling factors for better management that will

- boost the efficiency, effectiveness, and transparency of GMAs in delivering public services, through: (i) approval of the following: (a) the General Regulations to Law 6,670; (b) the 2021-2030 National Strategy for the Development of Statistics (NSDS); (c) the 2021-2025 Gender Statistics Strategy; and (d) the National Statistical Plan for 2023-2024; (ii) development of plans for the digitalization of at least 30 GMAs covered by Law 6,562/2020, which include the digitalization of SENADIS procedures for persons with disabilities; (iii) preparation of a draft decree regulating Law 6,715/2021 on administrative procedures, which concerns the use of electronic media for public management, by the lead agency for e-government, the Ministry of Information and Communication Technologies (MITIC), and its submission to the Executive Branch; and (iv) the preparation of the draft Resolution of the Office of the Comptroller General of the Republic (CGR) regulating the law that establishes the system for the prevention, correction, and sanction of conflicts of interest in the civil service.
- 1.36 **Component 4. Key institutions for sustained economic development.** This component supports progress on institutional reforms for greater efficiency, effectiveness, and transparency in GMAs that are key for sustained economic development, through approval of the decree regulating Law 6,769/2021 amending the AFD's charter, to advance in strengthening the governance of public financing for economic development.
- 1.37 **Changes in policy measures.** This proposal is consistent with the 11 indicative measures noted in the first operation of this programmatic series (see [policy letter](#)), which remain as identified and indicated on a preliminary basis, except for the editing and terminology clarifications summarized below. In addition to the 11 measures originally envisaged for this second operation, a pilot project of the SIAByS was launched (measure 2.7, paragraph 1.34), which will make it possible to track assets entering the public sector from the reception stage, automate inventories in real time, and have advance knowledge of the commitments required to pay suppliers, given their relevance in implementing the integrated approach to government supply.
- 1.38 Several measures were also adjusted. In measure 2.1, the language was adjusted because the exact name of the bill to be sent to Congress has not been determined. In measure 2.5: (i) the wording of submeasure (a) was altered to reflect the greater progress made by Paraguay in professionalizing the public procurement function, since, in addition to publication of the resolutions, as provided for in the first operation,²⁹ in 2022 a public procurement certification program was implemented for the first time, which accredited 1,278 public procurement agents, representing more than 50% of the total number of civil servants using the SICP; and (ii) the publication of Law 7,021/2022 on government supply and procurement was added as submeasure (c), as the bill was sent to Congress in the first operation, thus recognizing this important advance. Measure 3.1 was expanded by incorporating the publication of the 2021-2025 Gender Statistics Strategy, as a resolution related to the 2021-2030 NSDS, which closes gender gaps by strengthening statistical capabilities and producing gender-sensitive data and indicators in the information systems (paragraph 1.29), and the period of the National Statistical Plan was changed to

²⁹ Resolutions 340/2021 and 209/2022 of the National Public Procurement Office (DNCP).

2023-2024. Measure 3.2 was also expanded, but with an inclusive approach, through the digitalization of SENADIS procedures for persons with disabilities. Measure 3.3 was amended to define the scope of the program more precisely. Since the decree regulating the administrative procedures law also addresses additional issues, involving other institutions, the measure was modified to specifically reflect the submission to the Executive Branch of the proposal to regulate the use of electronic media for public management by the entity responsible for e-government (MITIC), which is the focus of the program. Lastly, measure 3.4 was amended to reflect the change of enforcement authority approved in the bill by Congress in 2022, replacing the Executive Branch with the CGR.

- 1.39 In short, changes have been made to the measures to broaden their scope, given the greater-than-expected progress made between the first and second operations (measures 2.5 (a) and (c)); to strengthen the focus on gender equity (3.1) and diversity (3.2); and to adjust the scope of one measure to the specific focus of the program (3.3). In addition, minor editing adjustments were made to other measures (2.1, 2.2, 2.3, 2.4, 2.5 (b), 2.6, 3.4, and 4.1). None of these refinements affect the objective of the operation or modify the measures or their specific purposes; but they provide them with greater detail and precision (see [Comparative Matrix](#)).

C. Key results indicators

- 1.40 **Outcomes.** The expected outcomes of the program's policy actions and reforms will be measured using the Results Matrix. The specific development objectives correspond to the comprehensive scope of the series, comprising both of the programmatic operations, and will be achieved, inter alia, by: (i) enhancing the efficiency of public management: (a) savings attributable to the increased productivity of civil servants responsible for public procurement in Executive Branch GMAs; (b) reduction in spending on paper thanks to greater digitalization of internal processes and citizen services in GMAs; and (c) increased efficiency in the use of the AFD's liquidity surpluses; (ii) increasing the effectiveness of public management: (a) improvement in the civil service development index; (b) increase in the percentage of public services available online; (c) GMAs that exchange data using the Information Exchange System (SII) platform; and (d) improvement in the statistical capacity index; and (iii) improving the integrity and transparency of public management, by increasing the percentage of competitive processes that have more than one bidder.
- 1.41 The preliminary analysis of the specific development objectives of the first operation (loan [5480/OC-PR](#)) shows that the program has already made progress toward some of the targets in about a year since its approval. Examples include efficiency in the use of AFD surplus liquidity ([optional link 4](#)), the number of GMAs using the SII for data exchange, and the percentage of public services available online. These advances will lead to further improvements in efficiency, effectiveness, and transparency. The evidence referred to in the Monitoring and Evaluation Plan ([MEP](#)) indicates that both the general and the specific development objectives will be attained within the specified timeframes.
- 1.42 **Economic analysis.** It was decided that no economic analysis would be performed for this type of loan; and the Bank's Board of Executive Directors was

informed accordingly. The decision was based on the following: the recommendations made by the Bank's Office of Evaluation and Oversight in its 2011 review of the evaluability of bank projects;³⁰ and the results of the review of evaluation practices and standards for policy-based loans (PBLs) conducted by the Evaluation Cooperation Group (ECG), which consists of the independent evaluation offices of multilateral development banks.³¹ This is envisaged in paragraph 1.3 of the Review of the Development Effectiveness Matrix (DEM) for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations (document GN-2489-5), which states, inter alia, that it is not necessary to include an efficiency analysis of the use of financial resources.³² Accordingly, as this loan operation does not include an economic analysis, the latter is not considered in measuring this program's DEM evaluability score.

- 1.43 **Beneficiaries.** The criteria used in the first operation have been maintained. The program's end beneficiaries will be the citizens of Paraguay, who will receive more effective, efficient, and transparent public services. In particular, taxpayers will benefit from more efficient and effective use of taxes; citizens interested in working in the public sector will benefit from greater use of merit criteria in access to government jobs; citizens will have access to timely and reliable national statistics; and the users of public services will benefit from reduced access times and costs and from not having to present documents already in the government's possession. Firms will also benefit—especially micro, small, and medium-sized enterprises—from a modernized procurement system which enables them to participate more fully in public procurement opportunities. The greater efficiency and effectiveness of the AFD will provide them with access to more financing and better and increased participation in value chains. Lastly, public institutions will also benefit, since their frames of action will be modernized—in their organizational structure, management systems, and digitalization—and will have better quality data for designing public policies. All of this will enable them to be more effective and efficient in their work.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation has been structured under the PBP modality and is the second in a programmatic series consisting of two contractually independent and technically linked loans, as provided for in "Policy-based loans: Guidelines for Preparation and Implementation" (document CS-3633-2).³³ This modality was chosen because of the Paraguayan government's interest in having the Bank's

³⁰ Document RE-397-1. The scoring of the economic analysis section is currently calculated using the maximum value of the cost-benefit analysis and the cost-effectiveness analysis. However, these analyses cannot be applied to policy-based loans (PBLs).

³¹ [Good Practice Standards for the Evaluation of Public Sector Operations. Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition.](#) February 2012.

³² According to the ECG, PBLs should be evaluated in terms of their relevance, effectiveness, and sustainability. Efficiency was not included as a criterion, since the sizing of PBLs is linked to a country's funding gap and is independent of project benefits.

³³ This instrument consists of a series of individual, sequential transactions, each with its own loan contract.

support to implement sector policy reforms and institutional changes in the short and medium terms. The programmatic modality is justified by: (i) the need to provide timeframes long enough to implement complex reforms that require medium-term actions; (ii) the relevance of evaluating the progress of the trigger mechanisms, based on knowledge acquired, and of making it easier to monitor implementation of the reforms; (iii) the flexibility to adapt to new knowledge gleaned from the agreed-upon measures; and (iv) the support and continuity of policy dialogue in the country.

- 2.2 **Sizing of the operation.** This loan amounts to US\$150 million, funded from the Bank's Ordinary Capital. The scale of this second operation was based on the country's fiscal needs and represents about 9% of its estimated gross financing requirements for 2023. It is not directly related to the costs of the program reforms, pursuant to the provisions of paragraph 3.27(b) of Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2).

B. Environmental and social risks

- 2.3 **Environmental and social risks.** This PBL operation is not expected to have significant and direct negative effects on Paraguay's environment and natural resources. Accordingly, it falls outside the scope of the Bank's Environmental and Social Policy Framework (ESPF) (document GN-2965-23, paragraph 4.7).

C. Fiduciary risks

- 2.4 **Fiduciary risks.** No fiduciary risks have been identified, since: the financial instrument to be used does not include procurement; the loan proceeds will be paid directly into the Treasury Single Account to cover the country's financing needs; and the executing agency has the necessary financial management and control systems in place.

D. Other key issues and risks

- 2.5 **Governance system risks.** The following have been identified as medium-high risks: (i) the possibility that some policy measures will require investments in human resources (training and personnel), information systems, and other institutional improvements (in addition to regulatory changes); unless those investments are made, attainment of some of the objectives of the programmatic series could be delayed. The following measures were identified to mitigate this risk: (i) the Bank approved a new technical cooperation project for operational support (paragraph 1.20), which will support some of these efforts; and resources for investment projects have already been approved in the areas of public procurement, statistics, and e-government (paragraph 1.19); (ii) the strategy of advancing through alternative instruments (decrees) which promote initial progress that is legally possible, in line with the measures proposed in the bills (paragraph 1.7) will make it possible to move forward gradually and to prioritize human resources in government institutions; and (iii) this second operation includes nearly all measures that show effective implementation of the policies; and (iv) on account of the involvement of multiple institutions³⁴ in the execution of Components 2, 3, and 4, greater efforts for coordination and communication among them may be required for the program (which could be exacerbated by

³⁴ Ministry of Finance, STP, DNCP, INE, MITIC, National Anticorruption Secretariat (SENAC), CGR, AFD.

potential changes in the authorities of the participating institutions), which could delay execution. The following measures have been identified to mitigate these risks, respectively: (i) the Ministry of Finance will lead the bimonthly meetings with focal points for each of the program's policy measures; it will organize meetings to present the program in the event of changes in the authorities heading the participating institutions, and (ii) it will ensure adequate communication between the leaders of the participating institutions and the Ministry of Finance (with support from the Office of the President of the Republic) to underscore the importance of the program's measures during the annual budget formulation exercise (between April and September each year) (paragraph 1.23).

- 2.6 **Political risk.** A medium-high risk was identified in the possibility that the national elections will result in a new administration taking office in August 2023, which may have different political priorities, possibly delaying implementation of the actions slated for the second operation and jeopardizing attainment of the objectives of the programmatic series by year-end 2025. To strengthen ownership of those actions by the new administration (paragraph 1.23) the following mitigation measures have been identified: (i) step up efforts to communicate evidence on the importance of the reforms, particularly in an election period, and actively involve civil society; and (ii) continuous dialogue with the government and the elected authorities to apprise them of the importance of continuing with these reforms as part of the presidential transition and the change of authorities in all Executive Branch institutions; and (iii) the forging of alliances with other international agencies, such as the IMF through the PCI approved in November 2022, which endorses some of the policy measures supported in this programmatic series.³⁵
- 2.7 **Sustainability risk.** A medium-high risk has been identified in the possibility that the Congress may not pass one of the bills sent to it, or else passes it with substantial amendments that could hinder achievement of the objectives of the programmatic series. In this case, the following mitigation measures have been identified: (i) making headway through alternative instruments (decrees) that promote initial progress and are legally possible, in line with the measures proposed in the bills (paragraph 1.7); (ii) continuing the practice of holding preparatory parliamentary meetings to provide information for the legislators when they debate the different reforms; (iii) stepping up continuous dialogue and communication to share evidence on the importance of the reforms, actively engaging civil society; and (iv) forging alliances with other international agencies, such as the IMF through the PCI approved in November 2022, which endorses some of the policy measures supported in this programmatic series.
- 2.8 **Program sustainability.** The sustainability of the programmatic series is based on four key factors. First, Paraguay has a track record of maintaining its

³⁵ While this program supports reforms defining Executive Branch organizational structures and management of the civil service, inter alia, the political risk entailed in such reforms is considered low. The draft laws supporting the program, which must be passed by Congress, provide for their gradual implementation; and, in the case of the organizational structure and civil service reforms, these will respect the rights of civil servants. In addition, two of the bills sent to Congress that were supported by the first operation of the programmatic series—Management of government supply and procurement, and Prevention of conflicts of interest—have already been passed.

macroeconomic and public management policies even when the authorities change. The Ministry of Finance, which is the government agency chiefly responsible for the reforms supported in the series, has teams of career civil servants who traditionally hold leadership positions both in their own institution and in others. Second, the policy measures supported in the programmatic series are founded on a robust legal framework, including four laws passed by the Paraguayan Congress, along with regulations and measures that demonstrate the effective implementation of the reforms. Third, the partnership with the IMF through the PCI, approved in November 2022, demonstrates the Paraguayan government's commitment to continue on the path of public sector transformation. This partnership is reinforced by the fact that risk rating agencies are already recognizing the progress made in these reforms for the country's credit rating. Lastly, Paraguay has a positive track record in the use of PBLs as instruments supporting the modernization of the State,³⁶ which enhances the sustainability of the programmatic series and its results.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Paraguay and the executing agency will be the Ministry of Finance.
- 3.2 The executing agency will have the following responsibilities: (i) coordinate with the agencies responsible for the actions in this operation in all aspects, including the Ministry of Finance itself, the DNCP, the Technical Planning Secretariat (STP), the INE, the MITIC, the National Anticorruption Department (SENAC), the CGR, and the AFD; (ii) submit evidence that the policy commitments have been fulfilled, and any other program-related evidence that the Bank needs to approve the program's single disbursement; and (iii) once the disbursement has been secured, compile data on the performance indicators to be used to evaluate the program's results. The executing agency will use the institutional means at its disposal to assure effective coordination among the public institutions affected by the policy measures included in this operation. It will also cooperate with the Bank to ensure the necessary coordination with other institutions that could be linked to this operation's measures.
- 3.3 **Interagency coordination.** The Ministry of Finance will be responsible for overseeing fulfillment of the program's measures, and will coordinate implementation through the Debt Policy Office (DPE). The interagency coordination measures needed to manage this operation are described in paragraph 2.5.
- 3.4 **Special contractual conditions precedent to sole disbursement of the loan.** Disbursement of this single tranche will be subject to fulfillment of the policy reform conditions established in the policy matrix (Annex II), the [policy letter](#), and the loan contract.

³⁶ For example, the Public Investment Management Program (loan [3628/OC-PR \(2015\)](#)), as well as more recent programmatic series: the Program to Support the Transparency Agenda in Paraguay (loans [4866/OC-PR](#) (2019) and [5244/OC-PR](#) (2021)) and the Public Finance for Sustainable Development Program (loan [4667/OC-PR](#) (2018)).

B. Summary of arrangements for monitoring results

- 3.5 **Monitoring.** Program implementation will be monitored by the Ministry of Finance's DPE. The borrower and the Bank will hold semiannual meetings to review fulfillment of the required conditions. An MEP has been prepared to track results through the following instruments: (i) the Policy Matrix; (ii) the [Means of Verification](#) Matrix; and (iii) the Results Matrix. These set out the key parameters for supervision and evaluation of the program's results. The executing agency will monitor the results of the operation and report thereon to the Bank.
- 3.6 **Evaluation.** The program proposes: (i) an impact evaluation; and (ii) a before and-after analysis, for the purposes of attribution and reporting on attainment of the Results Matrix indicators, framed by the program completion report of the programmatic series. The impact evaluation will use the quasi-experimental differences-in-differences method to determine the impact on the public management efficiency of the digitalization of internal processes, and of transparency in the implementation digital tools for managing public procurement, measured by changes in the number of bidders. The remaining indicators will be measured with a before-and-after analysis. The literature and international experience reviewed (paragraphs 1.17 and 1.18) suggest that the aforementioned policy actions (and the Results Matrix outputs) of both operations in the programmatic series will contribute to the expected results of the program (see [MEP](#)).

IV. POLICY LETTER

- 4.1 The Bank and the Paraguayan government have agreed on the policy commitments to be supported through this program. Along with the government's macroeconomic strategy, these are set out in the Policy Matrix, the Means of Verification Matrix ([required link 2](#)) and the Results Matrix. The [policy letter](#) ratifies the government's commitment to the objectives and institutional reforms envisaged for the programmatic operation as a whole.

Development Effectiveness Matrix		
Summary		PR-L1185
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Productivity and Innovation</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Countries with strengthened tax and expenditure policy and management (#)</div> <div>-Agencies with strengthened digital technology and managerial capacity (#)</div> <div>-Agencies with strengthened transparency and integrity practices (#)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2958	(i) Strengthen public management capabilities; and (ii) Boost the mobilization of public and private resources for development
Country Program Results Matrix		The intervention is no included in the 2022 Operational Program
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.9
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		3.5
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		6.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium High
Environmental & social risk classification		N.A.
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	ATN/OC-18590-PR, ATN/OC-18009-RG; ATN/OC-18470-RG; ATN/PT-17940-PR; ATN/OC-16802-PR

Evaluability Assessment Note: State Transformation Support Program II (PR-L1185). The general development objective of the operation is to improve the management of the public sector by increasing the efficiency of public management; increase the effectiveness of public management; and improve the integrity and transparency of public management. This loan is the second of two operations, technically linked to each other, but financed independently, under the modality of Programmatic Loan to Support Policy Reforms (PBP).

To achieve this goal, this loan defines a focus on the following four specific areas in which the project intervenes. The focus of the first area is to ensure the maintenance of a stable and consistent macroeconomic framework. The second area supports advances in reforms of key management systems that increase the efficiency, effectiveness, and transparency of OEE in the delivery of public services. The third area supports progress in reforms of enabling factors for better management of OEE to contribute to the same objectives and purpose. The last area is to promote key institutions to strengthening the governance of public financing for economic development.

The loan proposal presents a solid diagnosis of the problem, as well as a review of the international evidence. The proposed solutions are appropriate to respond to the identified problems and their contributing factors. The results matrix (MR) is consistent with the vertical logic of the project, presenting adequate and updated indicators at the level of results and impacts. Outcome indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific development objectives. All impact indicators are related to the overall development objective.

The project does not foresee an economic analysis based on the exception provided for this type of project in accordance with OVE's recommendations, paragraph 1.3 of the DEM for projects with and without sovereign guarantee GN-2489-5).

The monitoring and evaluation plan includes an impact evaluation that uses the Difference-in-Differences method to determine the effect of the public procurement virtual store on savings, number of bidders, and number of awarded firms led by women. This strategy will generate robust attribution evidence of key MR results. The rest of the outcome indicators will be measured by the before and after analysis. Monitoring and evaluation activities will be carried out by the Ministry of Finance of Paraguay in coordination with the Bank.

POLICY MATRIX

Objective: The specific development objectives of the program are to: (i) increase the efficiency of public management; (ii) enhance the effectiveness of public management; and (iii) improve the integrity and transparency of public management. Achieving these specific objectives will contribute to the program's general development objective of boosting the effectiveness of the public sector.

Components/ Policy objectives	Policy conditions Programmatic loan I	Policy conditions Programmatic loan II	Fulfillment of policy conditions Programmatic loan II ¹
Component 1: Macroeconomic stability			
Maintain a macroeconomic context that is consistent with the program's objectives.	1.1 Maintenance of a macroeconomic context that is consistent with the program's objectives, as defined in the policy matrix and the policy letter.	1.1. Maintenance of a macroeconomic context that is consistent with the program's objectives, as defined in the policy matrix and the policy letter.	Fulfilled
Component 2: Key management systems			
Move forward with reforms to key management systems that increase the efficiency, effectiveness, and transparency of government ministries and agencies (GMAs) in delivering public services.	2.1 Preparation of a bill establishing an organizational framework law for the public sector.	2.1 Submission to Congress of a proposed law that would govern the organizational structure of the public sector, establishing general principles and rules for the administrative organization of public sector institutions and special provisions on the organization of the Executive Branch.	Pending (2023, 2 nd quarter)
	2.2 Publication of a decree that tightens control over the creation of new organizational structures in Executive Branch GMAs and decentralized agencies that would have budgetary consequences, avoiding duplication of functions, and establishes a maximum	2.2 Implementation of the decree tightening control over the creation of new organizational structures in executive branch GMAs and decentralized agencies in 2022 and recommendations for improving their implementation in 2023.	Fulfilled (2022, 4 th quarter)

¹ Pursuant to the provisions of "Policy-based loans: Guidelines for Preparation and Implementation" (document CS-3633-2), the fulfillment of all conditions specified for disbursement, including the maintenance of an appropriate macroeconomic policy framework, will be verified by the Bank when the borrower requests disbursement, and will be reported in the disbursement eligibility memorandum in due course.

Components/ Policy objectives	Policy conditions Programmatic loan I	Policy conditions Programmatic loan II	Fulfillment of policy conditions Programmatic loan II ¹
	of two levels of management below that of senior management for all modifications.		
	2.3 Submission to Congress of the bill on the civil service and civil service career	2.3 Launch of pilot reforms envisaged in the civil service and civil service career bill: (i) Civil service job classification and pay, which promotes, inter alia, a standardized job description and appraisal methodology; and (ii) A system of public sector managers in prioritized public institutions, which promotes, inter alia, merit-based selection of public sector managers and equal access for men and women to management posts.	Fulfilled (2023, 1 st quarter)
	2.4 Publication of a decree tightening control over the creation of new positions, establishing multiyear planning for the staffing levels of GMAs, which retroactively applies public competition as the only avenue of entry into the civil service for positions that were filled without competition between 2016 and 2018.	2.4 Completion of multiyear planning for executive branch staffing levels in the period 2022-2025.	Fulfilled (2022, 4 th quarter)
	2.5 Submission to Congress of a bill on government supply and procurement.	2.5 (a) Progress in: (i) professionalization of the public procurement function, by accrediting more than 50% of public procurement agents registered in the Integrated Public Procurement System (SICP); and (ii) promotion of greater competition in public procurement processes by drafting and publishing decisions adopted by the National Public Procurement Office (DNCP) on the subject.	Fulfilled (2022, 4 th quarter)

Components/ Policy objectives	Policy conditions Programmatic loan I	Policy conditions Programmatic loan II	Fulfillment of policy conditions Programmatic loan II ¹
		<p>(b) Substantial progress in increasing the number of items available in the virtual store (framework agreements) to be used by GMAs, and preparation of recommendations for continuing to expand the virtual store.</p> <p>(c) Publication of Law 7,021/2022 on government supply and procurement, which promotes, inter alia, greater efficiency, effectiveness, and transparency through an integrated supply chain approach, supported by consolidated purchasing, and digitalization.</p>	
	2.6 Implementation of a digital tool to establish early warnings in public procurement processes by crossing databases using artificial intelligence to identify potential corruption risks and automatically interrupting such processes when applicable.	2.6 Progress in the implementation of the digital tool that provides early warnings in public procurement processes, demonstrating an increase in the number of early warnings and coverage of the tool on the institutional level, and recommendations for improving the tool's implementation.	Fulfilled (2022, 3 rd quarter)
		2.7 Launch of a pilot project of the Integrated goods and services administration system (SIAByS), which will make it possible to track assets entering the public sector from the reception stage, automate inventories in real time, and have advance knowledge of the commitments required to pay suppliers.	Pending (2023, 1 st quarter)

Components/ Policy objectives	Policy conditions Programmatic loan I	Policy conditions Programmatic loan II	Fulfillment of policy conditions Programmatic loan II ¹
Component 3: Enabling factors for better management			
Move forward with reforms of enabling factors for better management that will boost the efficiency, effectiveness, and transparency of the GMAs in delivering public services.	3.1 Publication of the law requiring modernization of the national statistics system (SISEN) and creating the National Institute of Statistics.	3.1 Approval of: (i) the general regulations of Law 6,670; (ii) the 2021-2030 National Strategy for the Development of Statistics (NSDS); (iii) the 2021-2025 Gender Statistics Strategy; and (iv) the National Statistical Plan for the period 2023-2024.	Pending (2023, 2 nd quarter)
	3.2 Publication of a decree that, pursuant to Law 6562/2020, promotes a reduction in paper use in public management, replacing it with digital formats both for internal management and for citizen services.	3.2 Development of plans for the digitalization of at least 30 GMAs covered by Law 6,562/2020, which include the digitalization of SENADIS procedures for persons with disabilities.	Fulfilled (2022, 4 th quarter)
	3.3 Publication of the Administrative Procedures Act establishing that citizens cannot be required to present documents that are already in the government's possession (once only principle), the possibility of signing different administrative acts of the same nature with a single digital signature, and interoperability and permanent, direct exchange of data between GMAs as a matter public interest.	3.3 Preparation of a draft decree regulating Law 6,715/2021 on administrative procedures, which concerns the use of electronic media for public management, by the lead agency for e government, the Ministry of Information and Communication Technologies (MITIC), and its submission to the Executive Branch.	Fulfilled (2022, 4 th quarter)
	3.4 Submission to Congress of a bill establishing a system to govern the prevention, correction, and sanction of conflicts of interest in the civil service.	3.4 Preparation of a draft Resolution of the Office of the Comptroller General of the Republic (CGR) regulating the law on the prevention, correction, and sanction of conflicts of interest in the civil service.	Fulfilled (2022, 4 th quarter)

Components/ Policy objectives	Policy conditions Programmatic loan I	Policy conditions Programmatic loan II	Fulfillment of policy conditions Programmatic loan II ¹
Component 4: Key institutions for sustained economic development			
Move forward with institutional reforms for greater efficiency, effectiveness, and transparency in GMAs that are keys for sustained economic development.	4.1 Publication of the law amending the AFD's charter, strengthening the governance of public financing for economic development.	4.1. Approval of the decree regulating Law 6,769/2021 amending the AFD's charter, to advance in strengthening the governance of public financing for economic development.	Pending (2023, 1 st quarter)

RESULTS MATRIX

Project objective:	The program's specific development objectives are to: (i) increase the efficiency of public management; (ii) enhance the effectiveness of public management; and (iii) improve the integrity and transparency of public management. Attaining these specific objectives will contribute to the general development of boosting the effectiveness of the public sector.
---------------------------	--

GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline		Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective 1: Improve public sector management								
Government effectiveness index	Points	-0.47		2020	2025	-0.26	Source: World Bank	Scores range from -2.5 to +2.5. The average for Latin America and the Caribbean is -0.26 and the OECD average, excluding the Latin American countries, is 1.27 (2020)

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline	Baseline year	End target (2025)	Means of verification	Comments
Specific development objective 1: Increase the efficiency of public management						
Savings resulting from higher productivity of civil servants tasked with public procurement processes in Executive Branch government ministries and agencies (GMAs).	Millions of dollars	0	2020	6.0	National Public Procurement Office (DNCP)	Time saved by staff in the procurement units of Executive Branch ministries, who are reassigned to more productive tasks.
Reduction in spending on paper thanks to greater digitalization of internal processes and citizen services by GMAs.	Millions of guaraníes (2020)	41,133	2020	15,000	Ministry of Finance (Budget Department through the integrated financial management information system (SIAF))	Mandatory reduction in expenditure on items 331 to 334 and 339 in the National Budget. Exchange rate: G 6,877.95 to US\$1 (November 2021)

Indicators	Unit of measure	Baseline	Baseline year	End target (2025)	Means of verification	Comments
Efficiency in the use of surplus liquidity by Paraguay's Development Finance Agency (AFD)	Percentage	4.05	2021	20	AFD audited balance sheet	Returns on investments of minimum average liquidity over the AFD's annual net returns.
Specific development objective 2: Enhance the effectiveness of public management						
Civil service development index	Points	40	2017	46	IDB	Scores range from 0 to 100. Methodology based on the Ibero-American Public Service Charter (2003).
Public services available online	Percentage	24	2021	35.0	Ministry of Information and Communication Technologies (MITIC)	Baseline: 1,020 procedures registered, 244 available online.
GMAs that use the Information Exchange System (SII) to share data	Number	51	2021	70	MITIC	All GMAs including producers and consumers
Increase in statistical capacity	Points	61.1	2019	65.0	World Bank	Statistical performance index . Scores range from 0 to 100. Latin American average: 62.2 (2019)
Specific development objective 3: Improve the integrity and transparency of public management						
Percentage of competitive processes with more than one bidder	Percentage	58	2020	65	DNCP	

OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	2022	2023	End target (2023)	Means of verification
Component 2. Key management systems							
2.1 Submission to Congress of a proposed law that would govern the organizational structure of the public sector, establishing general principles and rules for the administrative organization of public sector institutions and special provisions on the organization of the Executive Branch.	Bill	0	2021	-	1	1	Note from the Ministry of Finance (MH) attaching a copy of the government message submitting the bill (attached) to Congress.
2.2 Implementation of the decree that tightens control over the creation of new organizational structures in Executive Branch GMAs and decentralized entities during 2022, and recommendations for the improvement of its implementation in 2023	Implementation report	0	2021	1	-	1	Note from the Ministry of Finance attaching a copy of the report on the decree's implementation.
2.3 Launch of pilot reforms envisaged in the civil service and civil service career bill: (i) Civil service job classification and pay, which promotes, inter alia, a standardized job description and appraisal methodology; and (ii) A system of public sector managers in prioritized public institutions, which promotes, inter alia, merit-based selection of public sector managers and equal access for men and women to management posts.	Decree published	0	2021	-	1	1	Note from the Ministry of Finance reporting the launch of the pilot projects and attaching the regulatory decree authorizing them.
2.4 Completion of multiyear planning for executive branch staffing levels in the period 2022-2025.	Implementation report	0	2021	1	-	1	Note from the Ministry of Finance enclosing the multiyear staffing plan for the period 2022-2025.
2.5 (a) Progress in: (i) professionalization of the public procurement function, by accrediting more than 50% of public procurement agents registered in the Integrated Public Procurement System (SICP); and (ii) promotion of greater competition in public procurement processes by drafting and publishing decisions adopted by the National Public Procurement Office (DNCP) on the subject.	Implementation report	0	2021	1	-	1	(a) Note from the Ministry of Finance attaching a copy of: (i) a report on the progress of the public procurement accreditation program and the number of public procurement agents accredited; and (ii) DNCP resolutions that promote greater

Outputs	Unit of measure	Baseline	Baseline year	2022	2023	End target (2023)	Means of verification
<p>(b) Substantial progress in increasing the number of items available in the virtual store (framework agreements) to be used by GMAs, and preparation of recommendations for further expansion of the virtual store.</p> <p>(c) Publication of Law 7,021/2022 on government supply and procurement, which promotes, inter alia, greater efficiency, effectiveness, and transparency through an integrated supply chain approach, consolidated procurement, and digitalization.</p>							<p>competition in public procurement processes.</p> <p>(b) Note from the Ministry of Finance enclosing a copy of a report showing substantial progress in expanding the number of items available in the online store and making recommendations for further expansion of the online store.</p>
	Law published	0	2021	1	-	1	(c) Note from the Ministry of Finance attaching a copy of the Law on Public Procurement and Contracting, published in the Official Gazette of the Republic of Paraguay.
2.6 Progress in implementation of the digital tool that provides early warnings in public procurement processes, demonstrating an increase in the number of early warnings and coverage of the tool on the institutional level, and recommendations for improving the tool's implementation.	Implementation report	0	2021	1	-	1	Note from the Ministry of Finance attaching a technical report demonstrating the increase in the number of early warnings and the coverage of the tool at the institutional level, and recommendations for improving the tool's implementation.
2.7 Launch of a pilot project of the integrated goods and services administration system (SIAByS), which will make it possible to track assets entering the public sector from the reception stage, automate inventories in real time, and have advance knowledge of the commitments required to pay suppliers.	Digital tool	0	2021	-	1	1	Note from the Ministry of Finance attaching a technical implementation report showing the launch of the pilot.

Outputs	Unit of measure	Baseline	Baseline year	2022	2023	End target (2023)	Means of verification
Component 3. Enabling factors for better management							
3.1 Approval of: (i) the general regulations of Law 6,670; (ii) the 2021-2030 National Strategy for the Development of Statistics; (iii) the 2021-2025 Gender Statistics Strategy; and (iv) the National Statistical Plan for the period 2023-2024.	Decrees published	0	2021	1	1	2	Note from the Ministry of Finance attaching a copy of administrative resolutions approving: (i) the general regulations of Law 6,670; (ii) the 2021-2030 National Strategy for the Development of Statistics; (iii) the 2021-2025 Gender Statistics Strategy; and (iv) the National Statistical Plan for the period 2023-2024.
	Resolutions published	0	2021	-	2	2	
3.2 Development of plans for the digitalization of at least 30 GMAs covered by Law 6,562/2020, including the digitalization of SENADIS procedures for persons with disabilities.	Report	0	2021	1	-	1	Note from Ministry of Finance attaching a copy of the digitalization plans and evidence of their publication.
3.3 Preparation of a draft decree regulating Law 6,715/2021 on administrative procedures, which concerns the use of electronic media for public management, by the lead agency for e government, the Ministry of Information and Communication Technologies (MITIC), and its submission to the Executive Branch.	Draft Decree (normative)	0	2021	1	-	1	Note from the Ministry of Finance enclosing a copy of a draft decree to regulate the Administrative Procedures Law, sent to the Executive Branch.
3.4 Preparation of the draft resolution of the Office of the Comptroller General of the Republic (CGR) establishing a system to govern the prevention, correction, and sanction of conflicts of interest in the civil service.	Draft resolution (normative)	0	2021	1	-	1	Note from the Ministry of Finance attaching a copy of the draft resolution regulating the law on the prevention, correction, and sanction of conflicts of interest in the civil service.
Component 4. Key institutions for sustained economic development							
4.1 Approval of the decree regulating Law 6,769/2021 amending the AFD's charter, to advance in strengthening the governance of public financing for economic development.	Decree published	0	2021	-	1	1	Note from the Ministry of Finance attaching a copy of the regulatory decree of the law amending the AFD Charter, published in the Official Gazette of the Republic of Paraguay.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/23

Paraguay. Loan ___/OC-PR to the Republic of Paraguay
Program to Support Transformation of the Public Sector II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Paraguay, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program to Support Transformation of the Public Sector II. Such financing will be in the amount of up to US\$150,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ___ 2023)