

### **3.4 ACTION PLAN**

#### **3.4.1 Importance and priority standards of programs/projects**

“Importance and priority standards” have been used to select certain projects for the action plan. Implementation of these projects should begin by 2006.

Importance standards evaluate projects without considering whether the actual financial and human resources are available or not. The availability of resources falls under the domain of priority standards, which determine the ultimate order of project implementation. There are four main elements within the importance standard: effectiveness, efficiency, immediate effect, and repercussions.

Priority is given to projects when a project cannot be launched before other project is launched or implemented, or when there are resource constraints.

#### **(1) Project importance standards**

##### **1) Effectiveness**

Effectiveness reflects the direct contribution to economic development – contributing to GDP growth and job creation. A project that may lead to a significant increase in GDP is considered to have high effectiveness. A project that may lead to extensive absorption or creation of jobs is also considered to be highly effective. A project must meet one of these standards to attain high effectiveness. The contribution to economic development must be direct, GDP and job growth that is indirectly created by the project are not included.

##### **2) Efficiency**

Efficiency reflects the cost effectiveness of the project - the costs needed to achieve a minimum level of effectiveness. The effect is not limited to the contribution to economic development as mentioned in 1), but is comprehensive and includes the aims of a project. Efficiency is considered high when the cost to achieve a benefit is relatively low. The cost includes not only the public expense, covered by the central and local governments, but also expenses paid by the private sector. If the private sector must pay a lot, the efficiency is lowered even if the government does not pay much relative to the effect. In such a case, feasibility may also become lower.

### **3) Immediate effect**

Immediate effect shows the time lag before effects are seen. In Paraguay, where resources are extremely limited and credibility of the government is low, it is important to seek rapid effectiveness. This is because a project with a quick effect may give impetus to economic development. In addition, the longer it takes before the effect comes out, the higher the possibility of facing unexpected changes in the implementing environment, which may be an obstacle to achieving the projected results.

### **4) Repercussion**

Repercussion refers to indirect effects that spread out of the initial implementation of a project. In the case of a project to develop arterial highways, the construction itself creates jobs and increases GDP temporarily, which is estimated by 1) effectiveness. When the development of arterial highways speeds up transportation to the export market and, thus, leads to exports of fresh fruits and vegetables, the effect is considered a repercussion. When a project nurtures development of a supporting industry, or contributes indirectly to the growth of a related industry, the repercussion of the project is big.

### **(2) Priority standards**

Although evaluation of a project may be low, sometimes implementation is necessary for other projects to proceed. In this case, the project is considered to have high prior necessity. For example, if the launch of Project A is required before launching Project B, a high importance project, the prior necessity of Project A raises its priority. Also, as there are resource constraints that prevent implementation of all projects at one time, projects must be prioritized. Prioritized projects with resource constraints and/or prior necessity fall into one of 3 categories:

- 1: projects to be implemented immediately
- 2: projects to be implemented in one or two years
- 3: projects to be implemented in three years later

#### **3.4.2 Project evaluation based on importance and priority standards**

Program projects are studied for the development strategies already proposed in our economic development survey. Since the elements within the importance standards reflect different standpoints, it is difficult to determine project priority with a simple numerical evaluation. Even if the effectiveness is considerable, a project that requires too much money and time may be low priority in terms of efficiency or immediate effect. On the other hand, even if effectiveness is limited, a project that must be completed ahead of a project with high importance will be given higher importance due to its prior necessity. Some projects are easier to evaluate by number, however, projects that are not suitable for numerical

evaluation are also proposed. Priority of projects cannot be lowered just because they cannot be evaluated easily.

Projects are prioritized according to the following procedure. In each step, the study team makes the evaluation together with the counterpart.

- a) All projects are evaluated in terms of items a) to d) in 3.4.1 (1). The evaluation has 3 levels: high, medium and low. The evaluations are relative. Some medium level projects are selected as references in advance. Other projects are then evaluated against them as higher, lower or the same
- b) By referring to the 4 items scored, a judgement is made to determine a comprehensive high, medium or low rating. High means higher importance and low means lower importance.
- c) Priority evaluations are then made.

The evaluation formula is as follows:

**Table 25 Evaluation Formula to Prioritize the Projects**

L:Large M:Medium S:Small

Project	Importance Standards				Final evaluation	Priority
	effectiveness	Efficiency	immediate effectiveness	repurcussion		
A	L	M	M	L	L	1
B	L	L	S	M	L	2
C	M	S	M	S	M	2
D	M	L	S	S	L	1
E	S	L	S	S	S	3

### 3.4.3 Screening process of the action plan

In this study, provisional classification was made as to the importance and priority of the 90 projects selected in all sectors. After this, further discussion with the counterparts took place to evaluate if the classification was appropriate. At the same time, the future budget of Paraguay was estimated and a trial calculation of the financial resources available for investment was prepared. Based on the calculation, 28 of the 90 projects were chosen for the action plan.

### 3.4.4 Project list

The project lists mentioned in the preceding section are attached:

- 28 priority projects
- the other projects

**Project List**  
- 28 priority projects (1) -

Program	Project	Importance	Priority		2001	2002	2003	2004	2005	2006	2007/2010	2011~
<b>Agriculture</b>												
A.1 Assisting regional production												
	A.1.4 Assist production of new livestock products	L	2	2001								
A.2 Assisting the export of agricultural products												
	A.2.2 Hygiene management for livestock products	L	1	2001								
<b>Industry</b>												
I.2 Upgrading quality and productivity												
	I.2.1 Industrial standardization	L	1	2001								
	I.2.3 Diffusion of quality control	L	1	2001								
I.4 Strengthening marketing												
	I.4.1 Market studies of principal products of selected clusters	L	1	2001								
<b>Transport infrastructure</b>												
<Hard>												
T.1 Improvement of the export corridor												
	T.1.1 Road projects for export corridor development	L-M	1-2	2001								
	T.1.1(1) Asunción~Gasca	(L)	(1)	2004								
	T.1.1(3) Carmelo Peralta ~Mariscal Estigarribia	(L)	(1)	2001								
	T.1.1(4) Mariscal Estigarribia~Infante Rivalora	(L)	(1)	2001								
	T.1.1(5) Neuland~Pozo Ondo	(L)	(1)	2001								
	T.1.1(6) Second Amistad Bridge	(L)	(1)	2004								
	T.1.1(8) Route 9 (La Patria~Sargento Rodriguez)	(L)	(1)	2001								
	T.1.1(9) Route 2 and 7 (San Lorenzo~Caaguazú)	(L)	(1)	2002								
	T.1.2 Port and river transport projects for export corridor development	L-M	1-2	2001								
	T.1.2(3) Acquisition of dredgers to be used in Paraguay River	(L)	(1)	2001								
	T.1.2(5) Improvement on River Navigation System	(L)	(2)	2001								
T.2 Improvement of domestic mobility												
	T.2.1 Project for domestic main road improvement	L-S	1	2001								
	T.2.2 Project for provincial road improvement	L-S	1	2001								
T.3 Improvement of transport infrastructure supporting distribution												
	T.3.2 Local Road (farm road) improvement project	L-S	1	2001								
<Soft>												
T.4 Program for decentralization of infrastructure control												
	T.4.2 Project on division of road administration	L	1	2001								
	T.4.3 Project for establishment of road planning department in prefectures	L	1	2001								
T.6 Program for strengthen transport infrastructure maintenance and administration												
	T.6.1 Project on elaboration of administrative standards	L	2	2001								
<b>Human resource development</b>												
H.2 Assisting agricultural high schools in Paraguay												
	H.2.1 Educational improvement of agricultural high schools in Paraguay	L	1	2001								
<b>Institutional finance</b>												
F.1 Stabilizing and rationalizing banking operations												
	F.1.1 Simplification of loan procedures	L	1	2001								
F.3 Export financing												
	F.3.2 Introduction of a system of export insurance and rediscount of export bills	L	1	2001								
F.5 Strengthening of self-financing ability												
	F.5.1 Assistance for organization of cooperatives	L	1	2001								
<b>Quality and productivity</b>												
Q.1 Establishing a certification system												
	Q.1.1 Institution building of the ONA	L	1	2001								
Q.2 Strengthening testing and inspection laboratories												
	Q.2.1 Consolidation of INTN	L	1	2001								
P.1 Simplifying export procedures												
	P.1.1 Export procedures simplification	L	2	2001								
	P.1.3 IVA refund procedures simplification	L	2	2001								