

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PARAGUAY**

**DOWNTOWN REDEVELOPMENT, MODERNIZATION OF  
METROPOLITAN PUBLIC TRANSPORT, AND GOVERNMENT OFFICES  
(PR-L1044, 2420/BL-PR )**

**AND**

**ESCUELA VIVA II PROGRAM  
(PR-L1017, 1880/BL-PR)**

**PROPOSED AMENDMENT OF  
LOANS 2420/BL-PR AND 1880/BL-PR**

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## CONTENTS

I.	BORROWER'S REQUEST .....	1
II.	DESCRIPTION OF THE PROPOSED CHANGE .....	1
III.	DESCRIPTION OF THE CURRENT STATUS OF THE LOANS.....	2
IV.	RATIONALE FOR THE PROPOSED CHANGE .....	4
V.	PROJECT TEAM RECOMMENDATION .....	7

ANNEXES	
Annex I	Evaluability Note
Annex II	Updated Results Matrix of loan PR-L1044

ELECTRONIC LINKS
<b>REQUIRED</b>
1. <a href="#">Environmental and social management report (ESMR)</a>
<b>OPTIONAL</b>
1. <a href="#">Government of Paraguay's request for amendment of the loans and the Bank's response</a>
2. <a href="#">Interagency coordination and cooperation agreement between the MOPC and other ministries for the construction of government offices</a>
3. <a href="#">Record of the public hearing on the environmental impact study</a>
4. <a href="#">Environmental impact study (EIS) on the Port of Asunción Master Plan</a>
5. <a href="#">Approval by the Office of the Secretary of the Environment of the environmental impact study on the Port of Asunción Master Plan</a>
6. <a href="#">Updated multiyear execution plan (2017-2020)</a>
7. <a href="#">Decree 3457. Port Master Plan</a>

## **ABBREVIATIONS**

BRT	Bus rapid transit
COC	Concessional Ordinary Capital
EIS	Environmental impact study
FSO	Fund for Special Operations
MEC	Ministry of Education and Culture
MOF	Ministry of Finance
MOPC	Ministry of Public Works and Communications
OC	Ordinary Capital
PCU	Program coordination unit
PDL	Performance-driven loan
PROPEF	Project Preparation and Execution Facility

## I. BORROWER'S REQUEST

- 1.1 The Government Paraguay has requested a transfer of funds between two loan operations in the Bank's portfolio: (i) Downtown Redevelopment, Modernization of Metropolitan Public Transport and Government Offices (loan PR-L1044); and (ii) Escuela Viva II Program (loan PR-L1017), and loan contracts 2420/BL-PR and 1880/BL-PR. The objectives of both programs include the construction of offices for various government agencies.
- 1.2 In letter no. 205 of 6 March 2017, Paraguay's Ministry of Finance (MOF) requested that the Bank redirect the undisbursed and uncommitted balance (US\$18 million) of loan contract 1880/BL-PR, financing the Escuela Viva II Program (loan PR-L1017), to loan contract 2420/BL-PR in the urban development/transportation sector, financing the program for Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices (loan PR-L1044). MOF and Bank staff confirmed the request to redirect the remaining balance in a conversation on 25 May 2017. In letter no. CPR/C/2017/473 of 29 May 2017, addressed to the MOF, the borrower was notified that the Bank would take the necessary steps for internal approval of this redirection of resources, including preparation of the draft amendatory contracts ([optional electronic link 1](#)).

## II. DESCRIPTION OF THE PROPOSED CHANGE

- 2.1 This purpose of this document is to request approval from the Board of Executive Directors for the changes described herein to the resolutions approving the loan proposals for the program for Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices (loan PR-L1044) and the Escuela Viva II Program (loan PR-L1017), and loan contracts 2420/BL-PR and 1880/BL-PR, respectively.<sup>1</sup> These changes are in response to the request from the Republic of Paraguay to redirect the balance of the resources of loan contract 1880/BL-PR to loan contract 2420/BL-PR, to meet the objective of supporting construction of the offices of the Ministry of Education and Culture (MEC), corresponding to module 5 of loan contract 1880/BL-PR, as part of the government office complex in the Port of Asunción under program PR-L1044. This will allow the Ministry of Public Works and Communications (MOPC), an institution with extensive experience in the construction of infrastructure works, to execute the project more efficiently as part of a more comprehensive intervention. This change only affects Component 1 of operation PR-L1044 for urban renewal. No change is made to Component 2 for development of the first mass public transport corridor. These changes will be reflected in two amendatory contracts, one for each operation.
- 2.2 The following changes are proposed for program PR-L1017: (i) strike subparagraph (g) of Clause 3.06 of the Special Provisions of the loan contract (relating to module 5 of the program); and (ii) amend the language of Clause 1.02 of the loan contract to stipulate that the available, uncommitted balance of the financing in the amount of US\$18 million will be allocated to the financing of program PR-L1044. From the

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<sup>1</sup> Program PR-L1044 has two loan contracts: 2419/OC-PR for US\$47 million from the Ordinary Capital (OC), and 2420/BL-PR for US\$78 million, with US\$15 million in concessional resources and US\$62.4 million in OC resources. Funds are only being redirected only to loan contract 2420/BL-PR, as its financial terms were more similar to 1880/BL-PR (both have an 80/20 proportion of concessional resources).

contractual perspective, the borrower's proposal does not alter the objectives or financial terms, as it would redirect 40% of the total amount of the financing, corresponding to the undisbursed and uncommitted balance of loan contract 1880/BL-PR, to increase the amount allotted for the construction of public buildings under loan contract 2420/BL-PR. This change would conclude the operations of program PR-L1017. The final repayment date for loan contract 1880/BL-PR will be no later than 15 March 2038 for the Ordinary Capital (OC), and 15 March 2048 for the former Fund for Special Operations (FSO) or Concessional Ordinary Capital (COC). Given that (i) the current disbursement period for loan PR-L1017 expires on 7 November 2017, and (ii) module 4 will conclude with the certification of targets and expenditures on 15 September 2017, there is no justification for the proposal to extend the expiration date for the last disbursement of this operation, and conclusion of operations in 2017 is therefore recommended.

- 2.3 The following changes are proposed for program PR-L1044: (i) in Chapter I of the Special Provisions, amend Clauses 1.01 and 1.02 on program cost and financing amount, to reflect the redirection of resources from program PR-L1017 (US\$18 million); (ii) in Chapter II of the Special Provisions, Clauses 2.01 and 2.02 on amortization and interest, respectively, reflect the original financial terms relating to deadlines and rates for each loan; and (iii) in the cost table and Component I, Subcomponent 4 of the annex to the contract, where it states the number of government office blocks to be built and the amount of additional square meters, add those corresponding to the MEC. The funds redirected from loan 1880/BL-PR to 2420/BL-PR will preserve the same financial terms as in loan contract 1880/BL-PR, and observe the same proportion of OC to COC (former FSO) as originally approved (80% OC to 20% former FSO). The expiration period for the last disbursement of the portion of the resources redirected from loan contract 1880/BL-PR will be extended to match the date of the last disbursement for loan contract 2420/BL-PR: 27 December 2018. The last repayment date for loan contract 2420/BL-PR will not extend beyond 15 May 2040 for the OC and 15 May 2050 for the COC.

### III. DESCRIPTION OF THE CURRENT STATUS OF THE LOANS

- 3.1 **Program PR-L1044.** This program was approved in 2010 in the amount of US\$125 million. Of this amount, US\$47 million corresponds to OC loan contract 2419/OC-PR, and US\$78 million to 2420/BL-PR (US\$15.6 million in concessional resources (FSO) and US\$62.4 million in OC resources). The original local counterpart contribution from the Government of Paraguay was US\$35 million, which together with the Bank funds totals US\$160 million. The program's general objective is to improve the quality of life of the population in the intervention area through the rehabilitation and upgrading of urban and transportation infrastructure. This contract was previously amended by amendatory contracts 1 and 2,<sup>2</sup> dated 18 May 2011 and 30 June 2016, respectively. Amendatory contract 1 revised the provisions of Annex A to the loan contract in relation to program Component 2 on the first mass public transport corridor. Amendatory contract 2 reflected the partial

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<sup>2</sup> The modifications described were approved in accordance with the authority of Bank Management under Operations Administration Manual, Section OA-420.

- use of the public sector procurement system of the Republic of Paraguay (use of country systems).
- 3.2 The program had the following main components: (i) urban renewal of downtown Asunción to reverse the current process of urban deterioration, promote a rise in property values in the zone, and create a new hub of urban development for the city; and (ii) construction of the first mass public transport corridor through the structuring and implementation of an integrated public passenger transport system, giving priority to high-capacity bus transit in dedicated lanes (bus rapid transit, or BRT) between downtown Asunción and San Lorenzo, along Avenida Eusebio Ayala.
  - 3.3 The original scope of Component I of program PR-L1044 provided for: (i) the urban rehabilitation and improvement of Barrio San Jerónimo, located across from the Port of Asunción; (ii) a system of open spaces for public use, including the rehabilitation of several public squares and construction of a new park and square, totaling about nine hectares adjacent to the port; (iii) a road network between the seats of the three branches of government and basic services infrastructure; (iv) government offices and citizen service centers; and (v) restoration of historic public buildings.
  - 3.4 In terms of the operation's strategic alignment, the strategy for the period 2009-2013 indicated that: (i) shortfalls in infrastructure are one of the main obstacles to the country's growth and have a negative impact on its competitiveness; (ii) given the decline of the downtown area and the *barrios* in low-lying parts of the city (the oldest parts), an urban renewal operation in downtown Asunción is needed; and (iii) the Asunción Metropolitan Region public transport system requires a change in its economic and institutional model, in addition to upgrades to infrastructure and vehicles. These guideposts are still valid. In the Bank's current country strategy with Paraguay (2014-2018) (document GN-2769), the chapter on public management refers to "improved urban management of metropolitan areas and medium-sized cities, so as to strengthen the coordination of infrastructure interventions." This change fits into that strategy.
  - 3.5 Program PR-L1044 is also consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008), specifically the strategic objective to provide inclusive infrastructure and infrastructure services, and is aligned with the challenges of developing productivity and innovation, under the criterion of providing adequate, reliable, and affordable infrastructure and public services. Additionally, the project will contribute to the Corporate Results Framework 2016-2019 (document GN-2727-6) through the planned output of kilometers of roads built or upgraded.
  - 3.6 The loan contract was discussed for more than three years and finally ratified by the Paraguayan Congress on 27 December 2013. It became eligible in April 2014, and since then 20.2% of the total has been executed. Multiple problems in establishing the program executing agency and other technical issues have caused delays in project execution. Nonetheless, the construction contract for the central section of the BRT corridor was awarded for US\$55 million in the first half of 2016.
  - 3.7 At the government's request, in 2016 the resources for the subcomponent on the road network between the seats of the three branches of government under the urban renewal component were transferred to the government offices

- subcomponent, and an urban development master plan was designed for the Port of Asunción and later approved by the Asunción City Council. A preliminary design competition was also held for the government offices to be built on those premises. Based on the winning design, the contract to build four towers was put out for bidding, and the no objection issued for the award, in the first half of 2017. The towers will house the: (i) Ministry of Foreign Affairs; (ii) Ministry of Education and Culture; (iii) Ministry of Public Works and Communications; (iv) Office of the National Secretary for Housing and Habitat; (v) Ministry of Labor, Employment, and Social Security; and (vi) the Office of the State Undersecretary for Taxation.
- 3.8 **Program PR-L1017.** This program was approved on 11 July 2007 by the Bank's Board of Executive Directors for US\$45 million (80% IDB-OC and 20% FSO). The total estimated costs of the approved project were US\$49.5 million equivalent, including a local counterpart contribution of US\$4.5 million from the Government of Paraguay. The Bank of the Republic of Paraguay signed loan contract 1880/BL-PR on 4 April 2008. This contract was subsequently amended by amendatory contracts 1, 2, and 3, on 25 October 2012, 16 December 2015, and 5 December 2016, respectively. The purpose of amendatory contracts 1 and 2 was to reschedule fulfillment of certain outcome indicators, to tranche the new headquarters of the Ministry of Education and Culture (MEC) separately from the other program indicators related to education performance. The purpose of amendatory contract 3 was to reflect the new organizational structure of the MEC that resulted in the program coordination unit (PCU) reporting to a different unit.
- 3.9 The program's objective is to improve opportunities for access, retention, and completion of quality basic education, especially for those in the most vulnerable segments of the population. The program is currently being executed by the MEC and financed under the performance-driven loan (PDL) modality, disbursed in five tranches, in addition to the advance. Four tranches have been executed thus far, and US\$27 million has been disbursed, representing 60% of total resource execution. At this time, module 5 of the contract only pertains to building the new MEC headquarters.
- 3.10 Execution of program PR-L1017 has been slow, due to rescheduling of outcome indicators, mainly those relating to the awarding the contract, finalizing construction, and delivering the new MEC headquarters. The project will conclude module 4 with the certification of targets and expenditures through 30 September 2017. The financial execution of the local counterpart will be complete as part of the four tranches linked to the educational part of the program. The counterpart justified thus far represents 174% of the resources originally committed as part of the local contribution.

#### IV. RATIONALE FOR THE PROPOSED CHANGE

- 4.1 The Government of Paraguay is promoting the redevelopment and expanded use of the 23-hectare property at the Port of Asunción. This land has gone unused since port facilities were transferred to the city of Villeta to the south. This development seeks to revitalize an urban area adjacent to the Bay of Asunción and fully integrate it into the downtown, creating a new hub of development and public spaces for the city. As part of the Port Redevelopment and Uses Master Plan, the government has proposed, inter alia, building the government offices for several ministries and the

- future BRT station on a section of the land in question. The government offices complex is Subcomponent 4 of program PR-L1044's Component 1, "Urban renewal," which entails the construction of three office blocks, parking, and development of the exterior space for a total footprint of approximately 54,000 square meters. The institutional arrangements necessary for the effective execution of the office complex under Component 1 of the operation, where the funds are to be redirected, have already been approved by the Government of Paraguay via Presidential Decree 3457 of May 2015. This decree designates the Ministry of Public Works and Communications (MOPC) as the interagency coordinator for implementation of the Port of Asunción Master Plan, acting through the PCU for PR-L1044. The decree calls for the budgets allocated to the beneficiary institutions of the public offices to be built will be transferred to the MOPC, as interagency coordinator, in order to conduct the bidding process for the works. Another cooperation and interagency coordination agreement was signed in January 2016 between the MOPC, the National Navigation and Ports Administration (which owns the land), and the ministries participating in the public buildings project. The agreement addresses all matters pertaining to works execution and the location of the ministry headquarters on the port property ([optional electronic links 2](#) and [3](#)).
- 4.2 The MOF and MEC request stems from the fact that no specific land had been set aside for construction of the new MEC headquarters, which was originally to be financed separately, as part of module 5 of loan contract 1880/BL-PR. Since the government office complex will be developed on the port property, the government asked the Bank to redirect the remainder of the module 5 funds, to be executed by the MOPC, as an integral part of the government building complex being tendered under loan contract 2420/BL-PR, as per the interagency agreement signed on 25 January 2016 by the MOF, MEC, MOPC, and other ministries that will have buildings in this complex (see paragraph 4.4).
- 4.3 The proposed change is in service of the objective of greater efficiency in the execution of both projects, given the comprehensive nature of the office project at the port. The original objective for each individual operation remains unchanged. Furthermore, with the redirection proposed by the Paraguayan government, the works would be executed by a more experienced executing agency without altering the execution arrangements of the recipient operation. It would also facilitate supervision.
- 4.4 This request is feasible under Bank procedures, since no changes are made to the objectives, components, or activities of either of the two operations. Only the results matrix for program PR-L1044 would be updated to reflect the additional construction of 18,000 square meters of government offices for the MEC building, increasing the footprint from 54,000 to 72,000 square meters. Other minor output indicators have also been adjusted at the request of the government.<sup>3</sup> The outcome indicator for this urban redevelopment component is the appreciation in the price of land in the project zone. A slight increase in the footprint would not have a substantial impact on the final outcome of land value, given that there are also service infrastructure

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<sup>3</sup> The component for the road network between the seats of the three branches of government was eliminated, and the length of the main BRT corridor was shortened when the location of the San Lorenzo and Asunción terminal stations was changed.

investments and a master plan to leverage significant private investments on the port property ([optional electronic link 7](#)). The additional resources account for only 11% of the total resources of the current project. The economic assessment, which includes the government offices, yields an economic internal rate of return of 31% for the project as a whole, and 28% for Component 1. Thus, the cost increase would be marginal in terms of the cost-benefit ratio. The results matrix for program PR-L1017 would not be affected, since the loan is a PDL, and previous amendatory contracts grouped the education performance indicators into the first four tranches; module 5 would therefore be fully redirected in terms of resources and outcomes to program PR-L1044.

- 4.5 Both operations involve concessional resources, and from the financial standpoint the repayment schedule and financial terms of the original loans remain unchanged,<sup>4</sup> and the tenor of the original loan would not be extended. Additionally, the new resources do not exceed 40% of the original amount of the operation receiving the redirected funds.<sup>5</sup> Moreover, the proposed change entails no modification of the execution mechanism of operation PR-L1044, nor the current execution periods or execution instruments (risk matrix, Procurement Plan Execution System (SEPA), and monitoring and evaluation plan), as the bidding process for the government offices already includes the MEC building. Attached to this operation as annexes are the latest updated versions of the multiyear execution plan and the annual work plan ([optional electronic link 6](#)), as well as a results matrix (Annex II).
- 4.6 According to Directive B.3 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the original program PR-L1017 was classified as environmental Category “C,” since the works to be built would cause minimal environmental and social impacts. The environmental classification of the program receiving the funds (PR-L1044), however, is “B,” since its execution would cause localized short-term adverse social and environmental impacts, for which effective mitigation measures are in place. To comply with policies, the government buildings subcomponent of program PR-L1044 conducted an environmental impact study (EIS) on the master plan for the series of works planned by the Paraguayan government ([optional electronic link 4](#)), and the relevant public hearings were held, and approvals obtained from the Asunción City Council ([optional electronic link 3](#)). The project also secured an environmental license from the Office of the Secretary of the Environment (SEAM) ([optional electronic link 5](#)). The process calls for a specific EIS to be conducted for each work prior to starting construction of the government buildings. An updated environmental and social management report specific to the government offices, including the MEC building, is attached to this document as an annex.
- 4.7 As a result of the redirection of the US\$18 million from program PR-L1017, the total IDB financing for program PR-L1044 will increase from US\$125 million to

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<sup>4</sup> The original pari passu approved by the Board is maintained, given that it is the same for both loans.

<sup>5</sup> A substantial change is not deemed extensive when the proposed change: (i) does not significantly alter the originally-approved project design; and (ii) does not use a significant portion of the originally-approved proceeds or the new funds (an amount less than 40% of the original loan amount) to finance new activities or expand the scale of original activities.

US\$143 million. The total for the operation will be US\$178 million, including the local counterpart, as follows:

**Table 1. Costs and Components (US\$)**

	<b>Components</b>	<b>IDB Current</b>	<b>IDB Revised</b>	<b>Counterpart</b>	<b>Total</b>
<b>1</b>	<b>Urban renewal</b>	<b>22,190,000</b>	<b>18,000,000</b>	<b>6,270,000</b>	<b>46,460,000</b>
1.1	Urban renewal and improvement of Barrio San Jerónimo	1,590,000	-	710,000	2,300,000
1.2	Open spaces for public use (squares)	54,000	-	6,000	60,000
1.3	Road network between the seats of the three branches of government and basic services infrastructure <sup>1</sup>	-	-	-	-
1.4	Government buildings and citizen service centers	18,362,000	18,000,000 <sup>2</sup>	5,338,000	41,700,000
1.5	Restoration of historic public buildings	2,184,000	-	216,000	2,400,000
<b>2</b>	<b>First metropolitan public transport corridor</b>	<b>89,100,000</b>	<b>-</b>	<b>26,800,000</b>	<b>115,900,000</b>
2.1	Upgrading infrastructure and the urban environment	80,350,000	-	24,650,000	105,000,000
2.2	Control and operations center	6,310,000	-	1,890,000	8,200,000
2.3	Promotion of social and environmental viability	2,440,000	-	260,000	2,700,000
<b>3</b>	<b>Administration</b>	<b>8,628,000</b>	<b>-</b>	<b>812,000</b>	<b>9,440,000</b>
3.1	Personnel team	3,458,000	-	342,000	3,800,000
3.2	Equipment	145,600	-	14,400	160,000
3.3	Operating costs	5,024,400	-	455,600	5,480,000
<b>4</b>	<b>Program audits and evaluations</b>	<b>182,000</b>	<b>-</b>	<b>18,000</b>	<b>200,000</b>
<b>5</b>	<b>Contingencies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Subtotal</b>	<b>120,100,000</b>	<b>18,000,000</b>	<b>33,900,000</b>	<b>172,000,000</b>
<b>6</b>	<b>Reimbursement of PROPEF<sup>3</sup> (PR-L1056)</b>	<b>4,900,000</b>	<b>-</b>	<b>1,100,000</b>	<b>6,000,000</b>
	<b>Total</b>	<b>125,000,000</b>	<b>18,000,000</b>	<b>35,000,000<sup>4</sup></b>	<b>178,000,000</b>

<sup>1</sup> This line item has no associated budget because the government requested that the originally planned road linking the seats of the three branches of government and basic services infrastructure be eliminated.

<sup>2</sup> The additional resources (US\$18 million) have been added to item 1.4 for government buildings and citizen service centers. For purposes of the results matrix, only the output indicator for the number of square meters of government offices would be affected, given the additional floor space of the MEC (an increase from 54,000 square meters to 72,000 square meters, i.e., an additional 18,000 square meters).

<sup>3</sup> Project Preparation and Execution Facility (PROPEF).

<sup>4</sup> The local counterpart amount includes US\$19 million from the OPEC Fund for International Development (OFID).

## V. PROJECT TEAM RECOMMENDATION

- 5.1 Based on the evidence and documentation submitted by the borrower, as well as the analysis presented in the preceding sections of this document, Bank Management recommends, in accordance with the Operations Administration Manual, Section OA-430: Substantial and Fundamental Changes to Operations,

subsection B.2, and document CS-3953-3: List of Matters to be Considered by the Board via Short Procedure, that the Board of Executive Directors approve by short procedure the amendments to the resolutions and contracts for programs PR-L1017 and PR-L1044. These changes would redirect US\$18 million from program PR-L1017 to program PR-L1044, to finance the completion and delivery of the new MEC headquarters, as part of the government buildings, and execution of program PR-L1017 would be completed and operationally concluded. The redirection of resources will be reflected, as applicable, in amendments to loan contracts 2420/BL-PR and 1880/BL-PR.

## **MODIFICATION PROSAL FOR LOAN OPERATIONS 2420/BL-PR AND 1880/BL-PR**

### **Evaluability Note**

This proposal is a modification requested by the Ministry of Finance of Paraguay for the reorientation of the non-disbursed resources (US \$ 18,000,000) of the "Escuela Viva II" program (PR-L1017) to the transport sector to finance the "Programa de Reconversión del Centro, Modernización del Transporte Público Metropolitano y Oficinas del Gobierno" (PR-L1044). Since this proposal is a modification a DEM matrix is not included and the evaluability note focuses on how the modification affects the analysis of the vertical logic, its corresponding results matrix, economic analysis and evaluation plan.

Considering that the modification of the operations consists solely of the transfer of a product (the construction of the headquarters of the Ministry of Education and Culture (MEC)) and its respective budget from one operation to the other, there are no substantial changes in the evaluability of the operations. The justification for the change is that the construction of the new MEC headquarters, which was originally planned to be financed by the last module of the project, did not identify a specific location for the building. The government requested the Bank to reorient the funds to be executed by the Ministry of Public Works and Communications, as an integral part of the architectural set of government buildings being constructed under the loan contract (PR-L1044).

The vertical logic of the project that receives the transfer of resources is adequate, and is not affected by these additional resources. In relation to the results matrix, the program matrix PR-L1044 was updated and the product that indicates the additional area of construction of government offices was modified (from 54,000 To 72,000 m<sup>2</sup>). In terms of results, the corresponding indicator for the urban reconversion component (reevaluation of land in the intervention area) remained the same. The results matrix of the PR-L1017 program is not affected since it is a result-based loan, which has five modules. The first four modules have already been operationally closed and the module V would be reoriented with resources and results to the program PR-L1044. This change is considered appropriate, justifiable, and does not alter the original vertical logic of the program, since the construction of this building contributes to the main objective of the program. The objective is to contribute to the improvement of the quality of life of the population of the intervention area through the rehabilitation and improvement of urban infrastructure and transportation. Part of this, would be done through the revitalization of the central area of Asunción which includes the construction and improvement of government offices and taxpayer assistance centers.

There is no new economic analysis for the operation PR-L1044. This is justified by the fact that the additional resources to be received represent only a small percentage of the total resources of the current project and the economic evaluation of the operation remains cost effective even with this increase in costs. For the monitoring and evaluation plan, the modification package presents an updated version of the PEP and POA.

### UPDATED RESULTS MATRIX

<b>Objective of Component 1</b>	To reverse the current process of urban deterioration, promoting a rise in property values in the zone and creating a new hub of urban development for the city.		
<b>Purpose of the project</b>	<ul style="list-style-type: none"> <li>(i) To improve the quality of life of the population in the area of influence.</li> <li>(ii) To rebalance urban growth in the city of Asunción.</li> <li>(iii) To improve the conditions in which people live, work, and use the project area and to reactivate its property market.</li> </ul>		
<b>Impact Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Comments</b>
Appreciation in the price of land in the project zone	Year 2008 = US\$70 m <sup>2</sup>	Year 4 = US\$100 m <sup>2</sup>	Baseline: Economic and financial study
<b>Objective of Component 2</b>	Design, organization, and implementation of an integrated public passenger transport system, giving priority to high-capacity bus travel along dedicated lanes (BRT). The first stage will be developed in the San Lorenzo–downtown Asunción corridor along Avenida Eusebio Ayala–Avenida Mariscal Estigarribia, the main route which carries the largest volume of passengers.		
<b>Purpose of the project</b>	To improve the efficiency, effectiveness, and quality of the metropolitan public transport system and construct stage one of the BTR project in the Eusebio Ayala–Mariscal Estigarribia corridor between Asunción and San Lorenzo.		
<b>Impact Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Comments</b>
Increase in commercial speed of vehicles in the trunk corridor when the system comes into operation	Year 0: Commercial speed is currently 11 km/h	Year 5: Increase in commercial speed in the transport system of not less than 50% compared to current speed.	The measurement will be performed at the start of consulting services to establish current speed, which will be used as the baseline when the system comes into operation.
Reduction in the accident rate involving public buses in the corridor.	Year 0: To be determined	Year 5: 15% reduction in traffic accidents involving buses.	The baseline will be developed by the technical unit for this component using police statistics, medical emergency statistics, and statistics from the violence observatory of the Ministry of Public Health and Social Welfare (MSPyBS).
Savings in travel time for users	Year 0: Result of origin and destination surveys	Year 5: At least 25% reduction compared to the baseline	The baseline will be determined using specialized surveys.



<b>Subcomponent 5. Road linking the seats of the three branches of government</b>										
<b>Subcomponent 5</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
5.1 Regularization, development, and provision of systems and infrastructure in the intervention area	ml									0
<b>OUTCOME</b>										
Road network built	%									0
<b>Subcomponent 6. Government offices</b>										
<b>Subcomponent 6</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
6.1 Final designs completed for Blocks I, II, III and parking	Final design							1		1
6.2 Blocks I, II, III, IV built. Includes purchase of land and supervision	Work progress								0.4	1*
<b>OUTCOMES</b>										
Time savings for taxpayers when doing business at the citizen service centers in the complex	30% reduction in time									Reduced time
*The 60% remaining will require extending the execution period										
<b>Subcomponent 7. Historic buildings restored</b>										
<b>Subcomponent 7</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
7.1 Historic buildings restored	m <sup>2</sup>	0							2,371	2,964*
*The difference in m <sup>2</sup> will require extending the execution period										

<b>Component 2. First mass public transport corridor</b>										
<b>Subcomponent 8 Improvement of urban infrastructure and environment</b>										
<b>Subcomponent 8</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
8.1 Structuring of the infrastructure of the BRT system	System		1							1
8.2 Trunk corridor, which includes public service systems built	km							6	11	17
8.3 Feeder roads with all-weather pavement built (partly financed with output 2.1.2)	km						6	40	54	100
8.3 Integration terminals built: San Lorenzo (1) and Asunción (1)	Terminals								2	2
8.4 Access stations to the trunk system and stops built	Access stations							6	18	24
8.5 Intersections with traffic lights connected to the traffic light control center in a centralized manner are activated	%								100	100
8.6 Urban and landscaping improvement works executed along the corridor	Improvement work								1	1
8.7 Works for bicycle paths and pedestrian walkways built	km							14	9	23
8.8 Works for bicycle paths and pedestrian walkways built	km									
<b>Subcomponent 9 Control and Operations Center</b>										
<b>Subcomponent 9</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
9.1 Organization and updating of the operating plan for the BRT system	Plans					1				1
9.2 Organization of the fare model and the business plan	Plans					1	1			
9.3 Management and control center in operation	Center								1	
9.4 Environmental monitoring center in operation	Monitoring points								1	1
9.5 Transportation and fare systems, and optimization of the concessionary fleet	Reports							1		1
<b>OUTCOMES</b>										
Management entity plans, administers, and controls the system	%								100	100

<b>Subcomponent 10. Promotion of socioenvironmental viability</b>										
<b>Subcomponent 10</b>	<b>Unit of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>EOP</b>
<b>OUTPUTS</b>										
10.1 Informal vendors in Mercado 4 of Asunción are relocated	%								100	100
10.2 Business training and technical assistance	%									
10.3 Drivers and technical workers receive sufficient training to operate the BTR	%								25	100*
10.4 Communication campaigns	%						50	30	20	100
<i>*The difference of 75% will require extending the execution period</i>										
<b>Subcomponent 11 Administration</b>										

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/17

Paraguay. Modification of programs “Escuela Viva II” (PR-L1017) and “Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices” (PR-L1044). Loans 1880/BL-PR and 2420/BL-PR to the Republic of Paraguay

The Board of Executive Directors

RESOLVES:

1. To approve the amendment of programs “Escuela Viva II” (PR-L1017) and “Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices” (PR-L1044), financed with resources from loans 1880/BL-PR and 2420/BL-PR, respectively, to reallocate resources from the “Escuela Viva II” program to the “Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices” program, for the purpose of financing the conclusion and delivery of the new headquarters of the “Ministerio de Educación y Cultura del Paraguay” as part of the Paraguayan government buildings.

2 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 amendatory contract or contracts as may be necessary with the Republic of Paraguay, as Borrower, for the purpose of utilizing the available resources in operation PR-L1017, for an amount of US\$18,000,000, to contribute to the financing of Component I of the “Downtown Redevelopment, Modernization of Metropolitan Public Transport, and Government Offices” program, subject to the terms and conditions of document PR-\_\_\_\_\_.

(Adopted on \_\_\_\_ \_\_\_\_\_ 2017)