



1. Project Data:		Date Posted : 01/29/2002	
PROJ ID: P008216		Appraisal	Actual
Project Name: Venezuela Pre-inv & Instit Dev	Project Costs (US\$M)	41.43	35.67
Country: Venezuela	Loan/Credit (US\$M)	30	24.24
Sector(s): Board: PSD - Central government administration (100%)	Cofinancing (US\$M)		
L/C Number: L3225			
	Board Approval (FY)		90
Partners involved :	Closing Date	12/31/1996	06/30/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
S. Ramachandran	Jorge Garcia-Garcia	Ruben Lamdany	OEDCR
2. Project Objectives and Components			
a. Objectives			
<p>The project's objectives were to (1) provide a flexible and assured source of financing to build up a pipeline of well-prepared projects that the Bank could finance over the next 5 years; (2) strengthen the government's capacity to identify, select, prepare, implement and monitor sound investment projects; (3) strengthen government financial management; and (4) implement the public enterprise reform program which would also set the policy framework within which future lending for infrastructure could be included .</p> <p>The project was approved in 1990 and was expected to close in 1996. It was restructured in December 1996 with the same objectives but greater emphasis being placed on implementation instead of project preparation (pre-investment activities). The project was also extended, initially to 1998 and yet again subsequently to close in 2000.</p>			
b. Components			
<p>Over four-fifth of the project costs were for consultant services and training, with the rest spent on equipment (mainly computers).</p>			
c. Comments on Project Cost, Financing and Dates			
<p>More than half the loan (\$17m) funded pre-investment activities (i.e. preparing projects that the Bank could fund). In addition, the Ministry of Finance obtained a sizable amount to support the Bank's Public Enterprise Reform Loan (\$5m for technical assistance and \$0.5m for the PERL commission). The rest went to other sectorial Ministries .</p>			
3. Achievement of Relevant Objectives:			
<p>While the project partially achieved its many objectives, the main purpose (viz. preparing sound projects that the Bank could finance) was not attained.</p> <p>The ICR reports that project cycle management was strengthened and 15 projects meeting Bank standards were prepared. Evaluation Summaries are available for 5 of these projects; but only one is rated satisfactory . The largest of the 5 projects, the Agriculture Sector Investment Project for \$ 900m (financed by a \$207m loan) was rated highly unsatisfactory because it was a "hasty cobbling together of a substantial investment component ." The ES rated two projects moderately satisfactory and one unsatisfactory . This is a less than impressive record of project preparation and implementation.</p>			
4. Significant Outcomes/Impacts:			
5. Significant Shortcomings (including non-compliance with safeguard policies):			
<p>The country wanted to borrow, but the Bank wanted sound projects to finance . The government wavered in its commitment to improving public expenditures and reforming policies; but it seems that this was also foreseeable . The project as a result suffered from poor staffing and borrower neglect and the desired outcomes were not attained .</p>			

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately	The main aim was to prepare projects of

		Unsatisfactory	high quality, and to implement them well; but the ES of such Bank financed projects reveal poor preparation and implementation. So the main objective was not achieved.
Institutional Dev .:	Modest	Modest	
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Unsatisfactory	The ICR notes that "overly optimistic expectations led to the creation of an over-dimensioned project" and quality at entry was unsatisfactory. Also, the project design did not recognize "a lack of political consensus for the Government's program of public sector restructuring and related institutional reforms."
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. Focus on a few objectives that could be attained given the Borrower's competence and experience .
2. Potential, foreseeable problems (e.g. with taxation of international consultants/suppliers) should be handled during project preparation, not implementation.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ratings overstate the project's achievements as described in the ICR .