



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/20/2002	
<b>PROJ ID:</b> P063501		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Y2k Readiness Proj.	<b>Project Costs (US\$M)</b>	134.00	11.9
<b>Country:</b> Malaysia	<b>Loan/Credit (US\$M)</b>	100.00	11.9
<b>Sector(s):</b> Board: GIC - Central government administration (100%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L4450			
	<b>Board Approval (FY)</b>		99
<b>Partners involved :</b>	<b>Closing Date</b>		12/31/2001
<b>Prepared by:</b> Ferdinand D. Vinuya			
<b>Reviewed by:</b> Andres Liebenthal			
<b>Group Manager:</b> Alain A. Barbu			
<b>Group:</b> OEDST			
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
The objective of the project was to assist the Government of Malaysia, to : a) contain and minimize the disruption in the country's social and economic infrastructure that would be caused by the failure of critical central, state and local government system to process dates after December 31, 1999; and b) coordinate Y2K efforts in key sectors, monitor closely evolving overall national situation, and prepare measures to deal with possible disruptions .			
<b>b. Components</b>			
The project had two components. The first component was intended to address the Y 2K problems in the public sector (Component A, US\$124 million). The bulk of this component was envisioned to be the procurement of goods (US\$102 million). The second component was intended to help the government strengthen the national coordination efforts through coordination of contingency planning, critical services with cross dependencies, national monitoring, dissemination efforts, public information management, legal planning, and others (Component B, US\$10 million).			
<b>c. Comments on Project Cost, Financing and Dates</b>			
The Loan closed on December 31, 2001 with only US\$11.9 million disbursed. An amount of US\$88 million was cancelled at the request of the Government of Malaysia . The cancellation was in two stages: 1) In December of 1999, the GOM formally transmitted to the Bank a request to cancel US\$ 10 million of the loan amount which represented the entirety of Component B. 2) In December of 2000, the remaining undisbursed US\$78 million was cancelled at the request of the GOM. A Project Completion Note (PCN) as prepared for the project.			
<b>3. Achievement of Relevant Objectives:</b>			
The project objectives were substantially achieved by the National Y 2K team financed by the GOM.			
<b>4. Significant Outcomes/Impacts:</b>			
No significant disruptions of service or breakdowns were reported during the rollover period to Y 2K.			
<b>5. Significant Shortcomings (including non-compliance with safeguard policies):</b>			
The project was appraised in November 1998 and was expected to be presented to the Board in December of 1998. The Country Assistance Strategy (CAS) for Malaysia was also under preparation at that time and was expected to be discussed in late January of 1999 together with two other projects. Given the proximity of the dates, a decision was made to include the National Y2K project as a third project together with the CAS. Due to extensive negotiations with the GOM over the CAS, the board discussion did not occur until March 30, 1999. The project became effective on June 23, 1999. Faced with this delay, subsequent uncertainties about proceeding with the loan and with the immovable deadline of December 31, 1999, the GOM made an internal decision to finance the activities of the National Y2K project team outside of the World Bank project. The Bank's decision to bundle the project with the CAS discussions did not adequately consider the time-sensitive nature of the project, which also did not qualify as an emergency operation per Bank guidelines. This delayed the start-up of implementation, which led to loan cancellation in two stages.			

<b>6. Ratings:</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>

<b>Outcome :</b>	Not Rated	Satisfactory	The objectives were achieved, even if they were not financed by the project .
<b>Institutional Dev .:</b>	Not Rated	Negligible	The PCN did not rate this.
<b>Sustainability :</b>	Not Rated	Non-evaluable	The PCN did not rate this.
<b>Bank Performance :</b>	Not Rated	Unsatisfactory	Although the project team provided strategic and technical assistance during project preparation whose quality-at-entry was rated by QAG as "best practice", the Bank gave more importance to the process of bundling the project with the CAS discussions rather than the project's time-sensitive nature, and the choice of instrument was not satisfactory, since scarce Bank resources were spent on a project that the GOM was able to carry out on its own without Bank assistance .
<b>Borrower Perf .:</b>	Not Rated	Satisfactory	Government actions smoothed the Y2K transition and achieved the project's objectives.
<b>Quality of ICR :</b>		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:**

Project appraisal should verify that there is a real demand by the borrower for the assistance proffered by a project . The experience shows the difficulty of launching time-sensitive Technical Assistance operations . The main lesson is that the Bank should understand at the project preparation stage the special case of projects that require precise timing for implementation and deal with it in a manner that would address its urgency .

**8. Assessment Recommended?** ☐ Yes ☒ No

**9. Comments on Quality of ICR:**

The satisfactory rating takes into account OPC's no -objection to prepare a PCN, which has a narrower scope than ICRs and does not require ratings . A full ICR would have been appropriate rather than a PCN, however, given the fact that US\$11.9 million were disbursed, which suggests that significant implementation was initiated before the project was cancelled .