



1. Project Data:		Date Posted : 08/01/2002	
PROJ ID: P008506		Appraisal	Actual
Project Name: Social Protection	Project Costs (US\$M)	54.7	n.a.
Country: Kazakhstan	Loan/Credit (US\$M)	41.1	20.14
Sector(s): Board: SP - Health (33%), Compulsory pension and unemployment insurance (32%), Pre-primary education (30%), Central government administration (3%), Sub-national government administration (2%)	Cofinancing (US\$M)		
L/C Number: L3896			
	Board Approval (FY)		95
Partners involved :	Closing Date	06/30/2002	06/30/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
Michael R. Lav	Roberto R. Rocha	Rene I. Vandendries	OEDCR
2. Project Objectives and Components			
a. Objectives			
(a) develop the capacity of the Employment Service to manage the expected increase in the number of registered unemployed and attendant claims; and (b) ensure the continued delivery of essential social services by promoting orderly divestiture of social assets from enterprises, and efficient management by municipalities of a unified system of social services, including rationalization of facilities . In addition, implementation of (b) was intended to help determine suitable models for the design and implementation of a comprehensive national strategy for the divestiture of enterprise social assets, so that this was in a sense a pilot project .			
b. Components			
1. Employment Service Component (US\$15.3 million), comprising (a) strengthening of the Employment Service (purchase of equipment, establishment of model offices as prototypes, staff training) (b) development and implementation of a simplified unemployment benefit system; (c) training and development of staff; and (d) a pilot program in South Kazakhstan and Pavlodar oblasts and Almaty to strengthen counselling and training of the unemployed.			
2. Social Services Component (US\$28.5 million) to facilitate transfer of social services to local governments, and rational management of all basic social services in five selected cities, which will also assist in reforming local social service budget management and improving targeting of social assistance .			
3. Institutional Support (US\$2.6 million) including financial management systems and program development .			
c. Comments on Project Cost, Financing and Dates			
Project costs and financing are unknown, according to the ICR . The PIU was largely dissolved in 1998, so that Project Implementation Unit staff were not available to provide information for the ICR . The Project was appraised in November, 1994, approved by the Board on May 30, 1995, made effective on May 30, 1995, and closed on June 30, 2001, one year ahead of schedule .			
3. Achievement of Relevant Objectives:			
1. Employment Services: 20 model offices were opened, equipment purchased, and staff trained .			
2. Social services: some hospital facilities were rationalized, and a number of divested clinics and kindergartens have been continuing operations . The Government developed a plan for further divestiture of social assets, but this was never implemented .			
4. Significant Outcomes/Impacts:			
None. With the policy changes introduced by the Government in 1998/99, the project and its objectives became largely irrelevant.			
5. Significant Shortcomings (including non-compliance with safeguard policies):			

1. In 1999, unemployment benefits were abolished at the national level completely undermining the basis of the employment component of the project, although a few localities continued to pursue project objectives .
2. Concerning divestiture of social assets, although the project was intended as a pilot, more attention should have been given to the financing issues faced by municipalities to which enterprise social assets were divested .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Negligible	Negligible	
Sustainability :	Likely	Non-evaluable	No data is given on fiscal aspects of operating the divested social assets of enterprises, and the ICR states that there were no transition arrangements for these to become operational as part of the normal municipal government structure. Although the ICR notes that a few of these facilities are being maintained for the present, no information is available (municipal budget information, etc.) to suggest that this will continue in the future.
Bank Performance :	Satisfactory	Satisfactory	OED agrees that Bank Performance was "Satisfactory", but views this as a borderline rating for two reasons. First, one would have expected more attention to be paid by the Bank to the fiscal sustainability of the divested social assets, and for the Bank to have worked more intensively to develop financing options for these, even though, according to the appraisal report, this component of the project was formulated as a pilot operation. Second, as noted in the ICR, "project reporting was not sufficiently clear or consistent in stating that the 1998-99 policy changes entirely undermined the rationale for the project". The Bank waited almost two years before closing the loan, during which time the Government appears to have thought that the remaining loan funds could have been reallocated to unrelated uses. See Lesson 1 below.
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. The Bank should move with reasonable speed to close unwanted projects . More than two years which elapsed between the time that the Government changed policies which made the project irrelevant and the time that the Bank closed the project. Although some funds were cancelled, the Government viewed remaining funds to be available as a slush fund. Even though these were not utilized in the end, this was an unhelpful precedent .
2. Close attention should be paid to financial and institutional constraints, even in pilot projects . Even though the social divestiture component was in important respects a pilot project, the Bank did not invest enough to understand constraints at the municipal level nor work with the central government enough to promote transfers from the central budget to municipal governments. This project carefully identified financing gaps, only stated possibilities for filling them, without working more closely on how to fill the gaps in the context of an overall local government financial framework.
3. Adjustment operations are much more appropriate than investment operations to promote substantial changes in policy.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR was constrained by the lack of counterparts and lack of data on which to draw . Nevertheless, it does a credible job in piecing together the project and highlighting salient issues, as well as providing a reasonable degree of documentation needed for the evaluation .