



<b>1. Project Data :</b>		<b>Date Posted :</b> 07/26/2000	
<b>PROJ ID:</b> P008501	<b>OEDID:</b> L3744	<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Petroleum Technical Assistance Project	<b>Project Costs (US\$M)</b>	19.60	13.72
<b>Country:</b> Kazakhstan	<b>Loan/Credit (US\$M)</b>	15.70	13.34
<b>Sector, Major Sect .:</b> Oil & Gas Exploration & Development, Oil & Gas	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L3744			
	<b>Board Approval (FY)</b>		94
<b>Partners involved :</b>	<b>Closing Date</b>	07/31/1997	03/31/2000
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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## 2. Project Objectives and Components

### a. Objectives

The project's objective was to assist the Government to strengthen the capacity of key petroleum sector agencies to

1. Attract foreign investment into the sub-sector
2. Promote the efficiency and long-term financial viability of the petroleum industries
3. Formulate economically sound investment and organizational strategies for the integration of domestic primary petroleum production, processing, transport and distribution

### b. Components

The project had six components:

1. Advisory services for foreign investment negotiations and promotion
2. Support for petroleum industry restructuring and corporatization
3. Training and training management for the petroleum industry
4. Studies on pipeline feasibility
5. Strategy for natural gas investment
6. Support for project implementation

### c. Comments on Project Cost, Financing and Dates

The appraisal cost for the project was US\$ 19.60 million, of which the Bank was to provide financing in the amount of US\$ 15.70 million. The actual cost was US\$ 13.72 million, US\$ 5.88 million less than anticipated. US\$ 2.36 million of the Bank loan was canceled. The Borrower contributed US\$ 0.38 million during the project. After three extensions, the project closed two years and eight months late.

## 3. Achievement of Relevant Objectives :

1. Attract foreign investment into the sub-sector: This objective was achieved. The project contributed to the further development of the petroleum legislation of Kazakhstan on the basis of the Petroleum Law, which was adopted in 1995. The project assisted in the development and adoption of several other laws, resolutions, regulations and instructions that supported the investment environment in the oil and gas sector. Substantial foreign investment has been attracted into the oil and gas sector with the assistance of the project.
2. Promote the efficiency and long-term financial viability of the petroleum industries: This objective was partially achieved. A study with recommendations was prepared on taxation in the petroleum sector, but has not been implemented as legislation yet. Some progress has been made in terms of improving the efficiency of the petroleum industries through training programs and the establishment of the Petroleum Industry Training Center. However there is no evidence that the long-term financial viability of the petroleum industry has been strengthened under the project.
3. Formulate economically sound investment and organizational strategies for the integration of domestic primary petroleum production, processing, transport and distribution: This objective was achieved. This objective was implemented through technical, financial, environmental and legal feasibility studies, which provided a basis for economically sound investment decisions to be made.

## 4. Significant Outcomes /Impacts:

Very successful progress was made on petroleum legislation, which resulted in major foreign investment . Substantial legal and financial support for negotiation of two major international contracts was included under the project at the request of the Kazakhstan Government . Moreover, a significant program of training for trainers at the Petroleum Industry Training Center could contribute to the sustainability of the center and the development of local skills and expertise.

**5. Significant Shortcomings (including non -compliance with safeguard policies ):**

There were no significant shortcomings .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

**7. Lessons of Broad Applicability :**

When preparing a project in a new borrowing country, which has no previous experience of the Bank and limited understanding of the principles or structure of a market economy, a strong Bank team is essential for project preparation. In this situation the project team should have in depth knowledge of the Bank, experience of similar projects that can be drawn on, and a range of skills sufficient to cover the full scope of the project, transfer understanding about the Bank and its way of working, and build the relationship with the Government . While the overall performance of the Bank was satisfactory, the Bank's initial work in preparing the project was carried out in a somewhat unstructured way by developing many separate terms of reference for consultant assignments for which the overall strategy was unclear . The Bank preparation team appears to have had insufficient experience with lending in a new borrowing country with limited understanding of the Bank, or of market economy principles . This situation was, however, corrected later and from appraisal on, the project progressed well .

**8. Audit Recommended?** ☐ Yes ☒ No

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

The quality of the ICR was satisfactory . It was clearly written and thoroughly covered the issues . The author gave careful thought to the Lessons Learned section, highlighting both the positive aspects of the project and the areas for improvement in the future .