

ICR Review
Operations Evaluation Department

1. Project Data:	Date Posted : 11/14/2000		
PROJ ID : P043434	Appraisal	Actual	
Project Name : Pre-Export Guarantee Facility	Project Costs 600	N/A	
	US\$M)		
Country : Ukraine	(US\$M)		
	Loan /Credit (US\$M)		
Sector (s): Other Agriculture	Loan/ US\$M) 120	0	
	Cofinancing 0		N/A
	US\$M)		
L/C Number :	(US\$M)		
	Board Approval	97	
	FY)		
Partners involved :	(FY)		
	Closing Date	06/30/1999	
Prepared by :	Reviewed by :	Group Manager :	Group :

2. Project Objectives and Components

a. Objectives

The objective of the PGF was to mitigate the perceived political risks --government compliance and political force majeure risks--that inhibit foreign private input producers and distributors, trading companies, and commercial lenders from financing the provision of inputs on commercial terms to Ukrainian agricultural and agro - processing enterprises. The PGF was expected to help: (i) agricultural enterprises build links with foreign partners, thereby diversifying their supply sources and improving their market access; (ii) restore employment and commercially viable production for export in the short term, while reforms were taking hold; (iii) foster the introduction of increasingly sophisticated trade finance mechanisms; and (iv) promote a transparent business climate in which the rule of law would prevail. The PGF was meant to complement a parallel Ag SECAL (completed and evaluated, with a marginally unsatisfactory outcome) and a Seed Development project (still under implementation).

b. Components

The PGF was to support self-liquidating, short-term pre-export transactions and self liquidating fixed capital investments that would not create a long term debt for local enterprises or the government .

c. Comments on Project Cost, Financing and Dates

The World Bank Guarantee would have backstopped payment obligations on up to \$ 120 million of outstanding guarantee contracts issued by the government's Gurantee Administration Unit (GAU) during the GAU's first five years of operations. Assuming that the average tenor of each guarantee transaction is one year and the PGF is fully

utilized, the GAU could have potentially guaranteed \$ 600 million of transactions during this five year period . There were no other co-financiers.

3. Achievement of Relevant Objectives:

NA. Loan never became effective . As required under Ukrainian law, the loan agreement was submitted to the

Ukrainian Parliament for ratification, but the Parliament failed to do so for mainly political reasons that had little to do

with the project itself. When all prospects for reviving the operation faded, the Bank terminated the loan in June

1999.

4. Significant Outcomes/Impacts:

NA. Loan never became effective .

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

NA. Loan never became effective .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
	Outcome : Not Rated	Not Rated	Relevance was substantial, but efficacy and efficiency cannot be rated .
	Institutional Dev . : Not Rated	Not Rated	
	Sustainability : Not Rated	Not Applicable	
	Bank Performance : Not Rated	Satisfactory	Quality at entry (identification and appraisal) was satisfactory, but supervision cannot be rated
<input type="checkbox"/>			
	Borrower Perf . : Not Rated	Highly Unsatisfactory	Borrower's preparation could not be rated
			on the basis of the information provided in the President's Report and the PCN, but Ukraine failed to implement the project .
	Quality of ICR :	Not Rated	

NOTE:

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

7. Lessons of Broad Applicability:

The main lesson is that the Bank should better understand at the project preparation phase the political complexity

and the decision making processes in the country that would affect the project approval and implementation . In

situations of conflict between executive and legislative branches, the Bank should brief parliamentarians directly to

ensure proper understanding of the coverage and operational mechanism of the project and to assess ownership

beyond government ministries. When an operation such as the PGF is an integral part of the sector assistance

strategy, consideration should be given to possible cross -conditionality among operations in the sector (e.g. making

parliamentary approval of the PGF a condition of the Ag SECAL in the case of Ukraine).

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

A three page Project Completion Note (PCN) explains quite well what happened, but lacks an adequate assessment

of the project's relevance, quality at entry, and Borrower's preparation .