

**SUPPORT FOR A PUBLIC FINANCE STATISTICS PROGRAM**

**(VE-0080)**

**EXECUTIVE SUMMARY**

**BORROWER AND GUARANTOR:** Republic of Venezuela

**EXECUTING AGENCY:** Ministry of Finance

**AMOUNT AND SOURCE:** IDB: US\$2,200,000 (OC)  
Local counterpart funding: US\$2,200,000  
Total: US\$4,400,000

**FINANCIAL TERMS AND CONDITIONS:** Amortization period: 20 years  
Disbursement period: 2.5 years  
Interest rate: variable  
Inspection and supervision: 1%  
Credit fee: 0.75%  
Currency: United States dollar under the Single-Currency Facility

**OBJECTIVES:** The main objective of the program is to improve the Government of Venezuela's decision-making process on economic policy matters by enabling the Oficina de Estadísticas de Finanzas Públicas [Public Finance Statistics Office] (OEFPP), a unit of the Ministry of Finance, to provide complete, timely and reliable fiscal statistics.

The specific objectives of the program are to have:  
(i) a strengthened Public Finance Statistics Office;  
(ii) a modern public finance system based on internationally accepted methodologies; and (iii) a revised and appropriate legal framework for the national statistics system.

**DESCRIPTION:** The project comprises two components: (i) management and institutional development, comprising the management and administration of the project and the consolidation of the OEFPP within an appropriate legal and institutional framework, and (ii) technical strengthening of the OEFPP, through which the technical advisory services will be provided for the development of the public finance statistics system and the pertinent training.

**REVIEW OF ENVIRONMENT AND SOCIAL IMPACTS:** The proposed operation does not involve impacts of a social or environmental nature.

**BENEFITS:** Establishment of a system that will facilitate informed economic debate. The availability of useful information on the public accounts, in conjunction with other actions by the government aimed at strengthening macroeconomic programming and analysis, will constitute a key resource for discussion of economic issues.

Compliance with commitments to the IMF regarding production of fiscal statistics. The system to be established, based on IMF methodology, will facilitate the reporting of fiscal data to the Fund.

Promotion of an awareness among the authorities concerning the value of the fiscal statistics as a useful instrument for the formulation and evaluation of public policies. The existence of complete and reliable fiscal data will raise the debate on public policies to a more sophisticated and transparent level.

**RISKS:**

The main risk facing the operation concerns the reluctance shown by certain agencies in furnishing fiscal information. This problem will be rectified in part by means of a presidential decree making it mandatory to report information regularly to the OEFP and lifting the requirement to supply data to other agencies of the central government and the Central Bank.

Moreover, it is expected that the support being given by the Bank under the program (1110/OC-VE) to strengthen financial management at the State level, will facilitate the receipt of information from the states, which would not be required to observe the terms of the presidential decree.

Another risk confronting the operation is that fiscal statistics may not be used by all of the potential users. This risk has been minimized since the project incorporates various activities that involve institutional dissemination and user feedback to ensure reports comply with requirements.

**THE PROJECT'S  
ROLE IN THE BANK'S  
COUNTRY STRATEGY:**

The Bank's strategy in Venezuela has three main objectives: (i) maintaining of macroeconomic stability; (ii) reducing inequality and alleviating poverty, and (iii) improving the productivity of nonoil resources through the development of the private sector. The common denominator of these objectives, which also sums up the Bank's operating strategy, is support for the country in the reform of policies and the public sector. The program proposed here will help to accomplish these three objectives in that it will facilitate availability of information for decision-making and economic monitoring.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

The following will be conditions precedent to the signature of the loan agreement: (i) signature of the presidential decree creating the OEFP as an agency reporting to the Ministry of Finance, which decree is to be published in the Official Gazette; (ii) approval of the staff assigned to the OEFP, and (iii) signature of a cooperation agreement between the BCV and the Ministry of Finance, setting out the timetable for transfer of fiscal statistics functions to the OEFP and the date on which preparation of said statistics by the BCV shall cease.

The following will be conditions precedent to the

first disbursement: (i) evidence that UNDP has been hired to administer the proceeds of the financing (paragraph 3.21); (ii) the contracting of the OEFP's entire management staff and at least one professional for each area (paragraph 3.18), and (iii) the contracting of the organization and methods consultant (paragraph 3.19).

**EXCEPTIONS TO  
BANK POLICY:**

Since there is no unit in the Ministry of Finance that could assume responsibility for administering the program funds, it is proposed that UNDP be retained to perform this function (paragraphs 3.21, 3.22 and 3.23).