Document of

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Report No. 29615

PROJECT PERFORMANCE ASSESSMENT REPORT

ISLAMIC REPUBLIC OF MAURITANIA

PRIVATE SECTOR DEVELOPMENT CREDIT
(Credit 2726-MAU)

PRIVATE SECTOR DEVELOPMENT AND CAPACITY BUILDING CREDIT
(Credit 2730-MAU)

PUBLIC RESOURCE MANAGEMENT CREDIT
(Credit 2887-MAU)

FISCAL REFORM SUPPORT CREDIT
(Credit 3352-MAU)

July 1, 2004

Country Evaluation and Regional Relations
Operations Evaluation Department

CURRENCY EQUIVALENTS

Currency Unit = Ouguiya (UM)
US$ 1.00 = UM 261.9 (July-September 2003)

ABBREVIATIONS AND ACRONYMS

AGSECAL	Agricultural Sector Adjustment & Investment Project
ALMAP	Société Algéro-Mauritanienne de Pêche
ARCB	Agence de Recouvrement des Créances Bancaires
BIC	Bénéfice Industriel et Commercial
BNC	Impôt sur les bénéfices non commerciaux
CAS	Country Assistance Strategy
CBM	Central Bank of Mauritania
CNROP	Centre National de Recherche Océanographique de la Pêche
ES	Evaluation Summary
EU	European Union
FRSC	Fiscal Reform Support Credit
GOM	Government of the Islamic Republic of Mauritania
ICR	Implementation Completion Report
IDA	International Development Association
IDI	Institutional Development Impact
IGR	Impôt général sur le revenu
IRF	Impôt sur les revenus fonciers
ITS	Impôt sur les trait. et salaires
HIPC	Highly Indebted Poor Country
MAED	Ministère des Affaires Economiques et du Développement
MAUSOV	Société Mauritanienne-Soviétique de Pêche
MOF	Ministry of Finance
MOP	Ministry of Planning
MTEF	Medium Term Expenditure Framework
OED	Operations Evaluation Department
PCU	Project Coordination Unit
PE	Public Enterprise
PEP	Public Expenditure Program
PER	Public Expenditure Review
PESAP	Public Enterprise Sector Adjustment Program
PESIDTA	Public Enterprise Sector Institutional Development and Technical Assistance Project
PETARP	Public Enterprise Technical Assistance and Rehabilitation Project
PFP	Policy Framework Paper
PIP	Public Investment Program
PPAR	Project Performance Assessment Report
PRMC	Public Resource Management Credit
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PSDC	Private Sector Development Credit
PSDCBC	Private Sector Development Capacity Building Credit
SAL	Structural Adjustment Loan
SDR	Special Drawing Rights
SME	Small- and Medium-scale Enterprise
SMI	Small- and Medium-scale Industry
SNIM	Société Nationale Industrielle et Minière
TA	Technical Assistance
UEMOA	Union Economique et Monétaire Ouest-Africaine
UNDP	United Nations Development Program
VAT	Value Added Tax
WTO	World Trade Organization

OED Mission: Enhancing development effectiveness through excellence and independence in evaluation.

About this Report

The Operations Evaluation Department assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, OED annually assesses about 25 percent of the Bank's lending operations. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons. The projects, topics, and analytical approaches selected for assessment support larger evaluation studies.

A Project Performance Assessment Report (PPAR) is based on a review of the Implementation Completion Report (a self-evaluation by the responsible Bank department) and fieldwork conducted by OED. To prepare PPARs, OED staff examine project files and other documents, interview operational staff, and in most cases visit the borrowing country for onsite discussions with project staff and beneficiaries. The PPAR thereby seeks to validate and augment the information provided in the ICR, as well as examine issues of special interest to broader OED studies.

Each PPAR is subject to a peer review process and OED management approval. Once cleared internally, the PPAR is reviewed by the responsible Bank department and amended as necessary. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the OED Rating System

The time-tested evaluation methods used by OED are suited to the broad range of the World Bank's work. The methods offer both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. OED evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (more information is available on the OED website: http://worldbank.org/oed/eta-mainpage.html).

Relevance of Objectives: The extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). *Possible ratings:* High, Substantial, Modest, Negligible.

Efficacy: The extent to which the project's objectives were achieved, or expected to be achieved, taking into account their relative importance. *Possible ratings:* High, Substantial, Modest, Negligible.

Efficiency: The extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. *Possible ratings:* High, Substantial, Modest, Negligible. This rating is not generally applied to adjustment operations.

Sustainability: The resilience to risk of net benefits flows over time. *Possible ratings:* Highly Likely, Likely, Unlikely, Highly Unlikely, Not Evaluable.

Institutional Development Impact: The extent to which a project improves the ability of a country or region to make more efficient, equitable and sustainable use of its human, financial, and natural resources through: (a) better definition, stability, transparency, enforceability, and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Institutional Development Impact includes both intended and unintended effects of a project. *Possible ratings:* High, Substantial, Modest, Negligible.

Outcome: The extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently. *Possible ratings:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry and supported implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of the project). *Possible ratings:* Highly Satisfactory, Satisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower assumed ownership and responsibility to ensure quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of development objectives and sustainability. Possible ratings: Highly Satisfactory, Satisfactory, Unsatisfactory, Highly Unsatisfactory.

Contents

Annexes

Ratings and Responsibilities

Private Sector Development Credit		
	ES*	***PPAR *****
Outcome	Satisfactory	Moderately Satisfactory
Sustainability	Likely	Likely
Institutional Development	Modest	Modest
Bank Performance	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Moderately Satisfactory

Private Sector Development and Capacity Building Credit		
	ES	***PPAR***
Outcome	Satisfactory	Moderately Satisfactory
Sustainability	Likely	Likely
Institutional Development	Substantial	Modest
Bank Performance	Satisfactory	Satisfactory
Borrower Performance	Satisfactory	Moderately Satisfactory

Public Resource Management Credit		
	ES	***PPAR***
Outcome	Satisfactory	Moderately Satisfactory
Sustainability	Highly Likely	Likely
Institutional Development	Substantial	Modest
Bank Performance	Satisfactory	Satisfactory
Borrower Performance	Satisfactory	Moderately Satisfactory

Fiscal Reform Support Credit		
	ES	***PPAR***
Outcome	Highly Satisfactory	Moderately Satisfactory
Sustainability	Highly Likely	Likely
Institutional Development	High	Modest
Bank Performance	Highly Satisfactory	Satisfactory
Borrower Performance	Highly Satisfactory	Moderately Satisfactory

* ES – Evaluation summary
** PPAR – Project performance assessment report

Key Project Responsibilities

Project	Staff	Appraisal	Completion
PSDC	*Task Manager*	Hisham El-Naggar	Miquel Saponara
	Division Chief	Silvia Sagari	Emmanuel Akpa
	Director/Country Director	Jean-Louis Sarbib	Hasan Tuluy
PSDCBC	*Task Manager*	Hisham El-Naggar	François Nankobogo
	Division Chief	Silvia Sagari	Demba Ba
	Country Director	Jean-Louis Sarbib	Hasan Tuluy
PRMC	*Task Manager*	Miquel Saponara	Miquel Saponara
	Division Chief	Birger Fredriksen	Emmanuel Akpa
	Country Director	Hasan Tuluy	Hasan Tuluy
FRSC	*Task Manager*	Miquel Saponara	Miquel Saponara
	Division Chief	Emmanuel Akpa	Emmanuel Akpa
	Country Director	Hasan Tuluy	Miquel Saponara (Acting)

Preface

This is the Project Performance Assessment Report (PPAR) on four lending operations to the Islamic Republic of Mauritania from 1995 to 2000, to assist the country in developing the private sector and in restructuring public expenditure.

The Private Sector Development Credit (PSDC) (Credit 2726-MAU), in the amount of SDR 19.3 million, was approved on May 23, 1995, became effective on August 9, 1995, and was closed on December 31, 1997, the original date. It was a three-tranche operation. A Supplemental Credit of SDR 500,000 from the FY96 IDA Reflow Facility, was approved on December 12, 1995. Both the original and Supplemental Credits were fully disbursed. Parallel financing was provided by the Overseas Economic Cooperation Fund (OECF) of Japan in an amount equivalent to US$30 million. Disbursements from the OECF were made at the same time as releases from the IDA Credit.

The Private Sector Development and Capacity Building Credit (PSDCBC) (Credit 2730-MAU), in the amount of SDR 4.7 million, was approved on May 23, 1995, became effective on November 29, 1995, and was closed on May 31, 2000, five months behind the original date. The Credit assisted in implementing the program supported by the above PSDC. Ninety-five percent of the Credit was disbursed.

The Public Resource Management Credit (PRMC) (Credit 2887-MAU), in the amount of SDR 13.9 million, was approved on June 20, 1996, became effective on July 30, 1996, and was closed on December 31, 1999, six months behind the original date. The Credit consisted of five tranches, of which two were floating, and of SDR 900,000 to finance studies and to reimburse an advance under the Project Preparation Facility. Ninety-nine percent of the Credit was disbursed. The Credit was supplemented by three fundings under the IDA's Fifth Dimension Program, for a total of SDR 900,000, of which SDR 400,000, SDR 300,000, and SDR 200,000 were disbursed at the same time as the second core tranche, the first floating tranche, and the second floating tranche, respectively.

The Fiscal Reform Support Credit (FRSC) (Credit 3352-MAU), in the amount of SDR 22.4 million, was approved on May 23, 2000, became effective on September 19, 2000, and was closed on June 30, 2001, six months behind the original date. The Credit was of one tranche. A Supplemental Credit, in the amount of SDR 14.1 million, was approved on December 22, 2000. Both the original and Supplemental Credits were fully disbursed.

This PPAR is based on all relevant Bank and Fund documents and on interviews with Bank and Fund staff. A mission visited Mauritania in June 2003 to discuss performance with officials who implemented the projects, representatives of civil society, and members of the Bank resident mission.

The draft PPAR was sent to the Government for comments. No comments were received.

This report was prepared by Pierre de Raet (Consultant), with Poonam Gupta as Task Manager. Agnes Santos and Janice Joshi provided administrative support.

Summary

1. The four operations must be seen as part of the adjustment program initiated by Mauritania in the mid-1980s with the support of the Bank and the Fund. Growth resumed after the first reforms were undertaken but was interrupted abruptly in 1989 following a border conflict with Senegal and the Persian Gulf War. In 1992, the Government resumed its adjustment reforms with good results throughout the decade. In addition to macro-economic stabilization, substantial liberalization was achieved and the State reduced considerably its role in the economy. The incidence of poverty declined from 57 percent in 1990 to 46 percent in 2000, but inequality in incomes has increased over recent years. Mauritania adopted its poverty reduction strategy paper (PRSP) in 2001, and reached the completion point under the enhanced HIPC initiative in June 2002.

2. Basically, the four operations aimed at promoting the development of the private sector (PSD) as a major engine of growth and at improving public resource management to reduce poverty. The Private Sector Development Credit (PSDC) and its accompanying technical assistance project, the Private Sector Development and Capacity Building Credit (PSDCBC), both of 1995, addressed three areas: (i) costly delays in implementing key reforms in the banking and fisheries sectors; (ii) a lower than expected supply response from the private sector; and (iii) persistent weaknesses in public resource management. The Public Resource Management Credit (PRMC) of 1996 addressed the following: (i) strengthening of economic management, institutional capacity, and governance; (ii) public resource management through a reform of the indirect tax and trade systems; and (iii) the restructuring of expenditure in favor of the social sectors. The Fiscal Reform Support Credit (FRSC) of 2000 aimed at: (i) extending the tax reform to direct taxes to promote PSD and improve Mauritania's competitiveness on world markets and (ii) deepening expenditure restructuring.

3. *PSDC:* the outcome is downgraded from satisfactory to moderately satisfactory because of several important shortcomings: the foreign exchange market, though liberalized, remains thin and plagued by anti-competitive practices from the banking sector; the business legislation, though revised and updated, is applied unevenly because most implementation decrees are yet to be issued; support structures for PSD were not put in place; and the banks are reluctant to provide investment funds to small- and medium-scale enterprises (SMEs) and small entrepreneurs. The ratings of modest for institutional development impact (IDI) and of likely for sustainability are maintained, but the ratings for both Bank performance and borrower performance are downgraded from satisfactory to moderately satisfactory, because the Bank neglected at entry to tackle the issue of lack of competition in Mauritania, a major constraining factor to development, and underestimated the time required to revise legislation in the particular context of a country with two cultures. The borrower performance is downgraded because of poor commitment to implementation in the key area of legislation.

4. *PSDCBC:* the outcome is downgraded from satisfactory to moderately satisfactory because, in some cases like the formulation of a financial sector strategy, or the strengthening of the capacity to manage the all-important fisheries sector, objectives were not achieved. In other areas, such as training of judges and accountants, outputs were not of a scope or a duration sufficient to bring about lasting results. The IDI rating is downgraded from substantial to modest because little impact was achieved in the legal, banking, and accounting professions, while the attempt to raise the capacity of the oceanographic research center to manage the resources proved elusive. The ratings for sustainability and Bank performance are maintained as likely and satisfactory, respectively, but the rating of borrower performance is downgraded from satisfactory to moderately satisfactory because the Government was not always able to identify and recruit qualified expertise, thereby causing delays, nor was it sufficiently pro-active in ensuring that TA led to results.

5. *PRMC:* the outcome is downgraded from satisfactory to moderately satisfactory because the intended benefits of the tax and trade reforms, albeit well conducted, will be slow to obtain due to the limited administrative capacity to effectively apply them; the redirecting of public resources to the social sectors was only partially achieved; and the objective of reorganizing the public administration was not achieved because of strong resistance to change. The IDI rating is also downgraded from substantial to modest because the institutional impact in the revenue agencies was minimal; progress in adopting medium-term expenditure frameworks (MTEF) was slow and insufficiently coordinated; and the reorganization of five key ministries was unsuccessful. The sustainability rating is downgraded from highly likely to likely because the fiscal and trade reforms will continue to depend on strong government commitment and external support. The rating of Bank performance is maintained as satisfactory, but borrower's performance is downgraded from satisfactory to moderately satisfactory because the Government showed much less commitment to improving public resource management than to carrying out the fiscal reform.

6. *FRSC:* the outcome is downgraded from highly satisfactory to moderately satisfactory because, although the direct tax reform was well conceived and implemented, a study on the marginal effective tax rate was not carried out, and, more importantly, there was no noticeable improvement in resource management with allocations for the social sectors lower in 2000 than in 1999. The IDI rating is also downgraded from high to modest because the restructuring of the Public Expenditure and Investment Programs and the confection of the MTEFs were slow, poorly coordinated, and not successful in channeling additional resources for poverty reduction. The sustainability rating is downgraded from highly likely to likely, because progress in public resource management remains uncertain. The rating of highly satisfactory for Bank performance is downgraded to satisfactory, because as one tranche operation based on actions taken prior to negotiations, there was little incentive to monitor the component less amenable to lead to quick success, that is, public resource management and efficiency in poverty reduction. The rating for borrower performance is downgraded from highly satisfactory to moderately satisfactory because the Government showed insufficient determination in strengthening public resource management and in pursuing policies toward poverty reduction.

7. The overall outcome of the PSD reform is a mixed picture. Although a more favorable environment for PSD was created, the impact of the reform is still modest when judged against the fundamental objectives of the operations assessed here. This is due to three main reasons. First, the liberalization process and the different PSD operations were not accompanied or followed by direct support to the executive and judiciary branches and to private sector organizations. Second, the structure of the economy is oligopolistic given its small size and the dominant position of a small group of influential trading families. And third, the difficulty for the administration to translate policy decisions into effective implementation. In sum, the adjustment program and the liberalization of markets have reinforced the dominant position of the privileged groups. This explains the apparent paradox between the good macro-economic performance of Mauritania during the 1990s and the outcome of the present operations which had few distributional effects.[1]

8. Considering the above remarks, could or should the Bank have done things differently? Even though Bank performance is rated satisfactory when judging each of the four operations reviewed here, with hindsight and taking a longer perspective, that is, the 1990 decade, the Bank could have been more proactive in promoting a broader and more equitable distribution of ownership and in developing private entrepreneurship. When it became apparent that the privatization of banks had resulted in the creation of an oligopoly little inclined to term lending, the Bank should have addressed the issue through stronger conditionality in its operations and policy dialogue at the highest-level. Similarly, after the two country assistance strategies in the 1990s had noted that there had been little supply side response to the late 1980s and early 1990s adjustment operations, the Bank should have integrated better the lessons learned in its later operations and dialogue. For instance, analytical work should have been launched on the prerequisites for PSD and on competitiveness as complement and support for stronger conditionality in the operations of the late 1990s.

9. The following are lessons of general application:

- In programs or projects with a heavy agenda of legal and regulatory reforms, the conditionality should extend to the issuance of application decrees, and not only to the revision of laws. Also, the texts should be well adapted to local conditions, short, simple, and clear. In those programs or projects, the Legal Department should be involved early on in preparation and design.

- Floating tranches are useful when the time required to complete a task or adopt a measure is uncertain or dependent on the Legislative.

- One-tranche operations based solely on actions taken prior to appraisal do not allow monitoring of implementation.

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[1] In this connection, it is worth noting that the downgrading of many performance indicators in the present PPAR is largely due to the fact that the ES were exclusively based on the implementation completion reports (ICRs), which in turn clearly failed to reflect the reality on the ground.

- Tax and trade reforms can be effectively implemented if they are based on sound analytical work and careful preparation. In Mauritania's case, these reforms were based on two high quality studies and, during preparation, their impact on reducing revenues was taken into consideration. However, the analytical work should have taken the local traditions more into account.

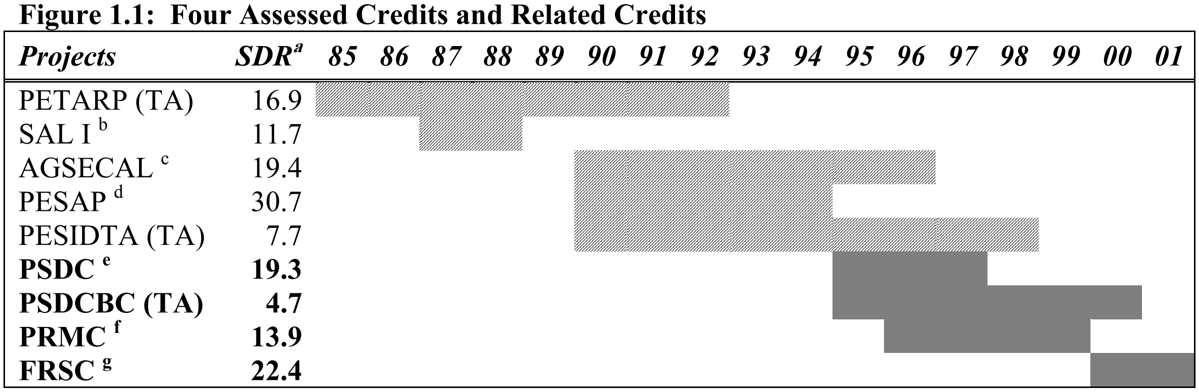
Gregory K. Ingram
Director-General
Operations Evaluation

1. Introduction

1.1 The four operations covered in this assessment supported the adjustment efforts of Mauritania during the second half of the 1990s. They were part of the program, initiated in the mid-1980, aimed at redressing macro-economic imbalances, moving to a market economy, and establishing conditions for sustained growth and reducing poverty.

1.2 The Bank has financed 9 operations, including technical assistance (TA) projects, to support the program: five up to 1995,[2] and four between 1995 and 2000. The latter are assessed here: the Private Sector Development Credit (PSDC) of 1995; the Private Sector Development and Capacity Building Credit (PSDCBC) of 1995, which accompanied the PSDC; the Public Resource Management Credit (PRMC) of 1996; and the Fiscal Reform Support Credit (FRSC) of 2000. The sequence of the 9 operations is in figure 1.1.

Figure 1.1: Four Assessed Credits and Related Credits



In bold: Projects included in this assessment.

[a] In million.

[b] Accompanied by a Credit of SDR 21.4 million under the Special Facility for Africa.

[c] SDR 14.0 million were for adjustment and SDR 5.4 million for investment.

[d] Supplemented by four Credits for a total of SDR 7.4 million.

[e] Supplemented by a Credit of SDR 0.5 million under the FY96 International Development Association (IDA) Reflow Facility.

[f] Supplemented by four Credits for a total of SDR 0.9 million under the IDA Fifth Dimension Program.

[g] Supplemented by a Credit of SDR 14.1 million.

1.3 The four Credits, assessed here, focused on three major reform areas of the adjustment program during the second half of the 1990s: (i) development of private sector-led growth by removing the obstacles identified after the resumption of reforms in 1992 – this was the object of the PSDC and of its accompanying TA project, the PSDCBC, both of 1995; (ii) improvement in economic management and strengthening of

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[2] The Public Enterprise Technical Assistance and Rehabilitation Project (PETARP) – Credit 1567-MAU in 1985; the SAL-I – Credit 1812-MAU in 1987 (was assessed by OED in 1991); the Agriculture Sector Adjustment and Investment Credit (AGSECAL) – Credit 2093-MAU in 1990 (OED performed a summary evaluation but not an assessment of this operation); the Public Enterprise Sector Adjustment Credit (PESAP) – Credit 2166-MAU in 1990, and the Public Enterprise Sector Institutional Development and Technical Assistance Credit (PESIDTA) – Credit 2167-MAU in 1990. The three Public Enterprise operations were assessed by OED in 1996. The PESAP was reassessed by OED in 2004.

Mauritania's competitive position through tax reforms; and (iii) improvement in the efficiency and management of public expenditure to reduce poverty—these two components addressed the shortcomings in public resource management revealed by the execution of the adjustment program since 1992 and by two Public Expenditure Reviews (PER) in the 1990s. They were the object of the PRMC (1996) and of the FRSC (2000), the latter extending and deepening the tax and tariff reforms initiated under the former. Accordingly, this assessment discusses the four operations in pairs: the PSDC jointly with the PSDCBC, and the PRMC jointly with the FRSC.

2. Background

Country and Economic Background

2.1 Mauritania is a low-income African country on the western edge of the Sahara desert. Its population of 2.6 million, growing at 2.4 percent per year, is thinly dispersed across a land area of over 1 million square kilometers, 90 percent of which is desert. The country, which is a bridge between North and Sub-Saharan Africa, has limited agrarian resources but contains extensive mineral deposits, most notably iron ore; its coastal waters are among the world's richest fishing grounds; and oil reserves were discovered offshore in 2001, with commercial drilling expected to begin by late 2005 or early 2006. Its per capita gross national income was estimated at US$410 in 2002.

2.2 The economy depends heavily on the exports of iron ore and fish. In the 1960s, the economy expanded rapidly, aided by favorable external conditions. Growth faltered in the 1970s and the early 1980s as these conditions turned negative, with recurring droughts and falling mineral prices, exacerbated by inadequate economic policies. During this period, the country borrowed heavily to finance large-scale industrial expansion, accumulating a rapidly growing foreign debt. Growth resumed in the mid-1980s, owing in part to good rains and the adoption of an adjustment program supported by the Bank and the IMF. A border conflict with Senegal and the Persian Gulf Crisis caused the recovery to end abruptly in 1989. Entering the 1990s, Mauritania's economic performance was erratic, foreign debt was high and rising, and social gains were few.

2.3 In 1992, the Government resumed its adjustment reforms with good results throughout the decade. Growth was robust and steady, averaging 5.1 percent between 1993 and 1996 and 4.1 percent during 1997-02. Inflation was contained to single digits and both the overall fiscal deficit (excluding grants) and the current account deficit (excluding official transfers) narrowed substantially. The good performance of non-tax revenue is largely due to the Fishing Agreement between Mauritania and the European Union (EU) (table 2.1). In addition to macro-economic stabilization, substantial liberalization of the economy was achieved: price controls on basic commodities were removed, the involvement of the State in productive activities considerably reduced, and reforms in both the productive and social sectors undertaken.

2.4 The good economic performance of the 1990s led to a decline in the incidence of poverty from 57 percent in 1990 to 46 percent in 2000 and several social indicators improved with gross primary school enrollment at 88 percent (for girls 82.2 percent), life expectancy at birth at 55 years, and under-5 mortality rate at 116 per 1,000. HIV/AIDS prevalence is low at 0.52 percent. Key economic indicators are in annex A.

Table 2.1: Key Economic Indicators 1989–2002
(in percentage of GDP, unless otherwise indicated)

	1989–92	*1993–96*	*1997–02*
Real GDP (% increase)	1.8	5.1	4.1
CPI – Nouakchott (% increase)	8.8	6.2	4.7
Gross domestic investment	19.2	18.6	26.4
Total revenue excluding grants	22.3	25.3	27.4
Tax revenue	17.2	17.9	15.0
Primary budget balance	– 4.6	0.4	4.0
Overall budget balance (excl. grants/comit. basis)	– 7.5	– 3.0	0.8
Current account deficit (excl. off. transf. + oil)	– 17.2	– 14.8	– 5.1
Debt service (after relief)/XGS	33.7	25.8	21.7

Source: IMF.

2.5 Mauritania adopted its poverty reduction strategy paper (PRSP) in 2001, setting out the Government of the Islamic Republic of Mauritania's (GOM) development priorities: (i) accelerating private sector-led growth; (ii) developing the growth potential and productivity of the poor; (iii) developing human resources and ensuring universal access to basic infrastructure and services; and (iv) institutional development and governance. Progress in the implementation of the PRSP helped Mauritania reach the completion point under the enhanced HIPC initiative in June 2002, placing the country on the path toward external debt sustainability.

3. Private Sector Development

The Strategy Context

3.1 The country assistance strategy (CAS) in mid-1990 acknowledged that Mauritania had made substantial progress since the mid-1980s in stabilization and structural reforms, despite the disruptions in 1989–92. It supported GOM's medium-term strategy of:
(i) strengthening external competitiveness and reducing public absorption;
(ii) consolidating structural reforms by encouraging private sector initiatives through the provision of adequate price incentives, reliance on market forces, the strengthening of the legal and institutional framework and the reform of the financial sector; and (iii) seeking external debt relief.

3.2 However, the country strategy also emphasized that efforts until then had essentially concentrated on handling crises and on modernizing the economy, mainly in mining and fisheries, and that there was a need now for a broader and longer-term approach more focused on promoting sustainable development and reducing poverty. Among the areas, where shortcomings had persisted, it noted: (i) the costly delays in implementing key reforms in the banking and fisheries sectors, with negative impact on incomes and employment; (ii) the lower than expected supply response from the private sector and agriculture, despite the Agricultural Sector Adjustment and Investment Project (AGSECAL) and the Public Enterprise Sector Adjustment Program (PESAP) of 1990; and (iii) the weaknesses in public expenditure management and revenue mobilization. Accordingly, one of the operational pillars of the CAS was to promote private sector-led growth to generate a supply response.

Objectives and Design

3.3 The objective of the Private Sector Development Credit (PSDC) and the Private Sector Development and Capacity Building Credit (PSDCBC) (both of May 1995), was to accelerate private sector development (PSD) by addressing the constraints still remaining after the resumption of adjustment efforts in 1992. They supported reforms in six areas: the exchange and trade regime; the incentive structure for PSD; the banking sector and its regulation; financial institutions and markets; the fishing sector; and the mining sector. Reforms were detailed in two Letters of Development Policy, one for PSD, and one for the Fishing Sector, and are summarized in annex B.

3.4 The PSDCBC was to help formulate and implement reforms in four areas: financial, notably by a new strategy aimed at developing term finance and micro-finance; legal and regulatory framework by providing consulting services and training; mining by updating the legislation; and fisheries by strengthening institutional capacity. Assistance was in the form of studies, training, organization and dissemination of information, and equipment. Details are in Annex C.

3.5 The PSDC was based on: (i) a series of actions taken prior to Board approval and (ii) three tranches, the first one to be released upon effectiveness and subject to the enactment of an amended Banking Law, and the second and third ones on completion of specific actions, as follows:

- Release of the second tranche was subject to: (i) recovery of UM 800 million in bad bank debts; (ii) adoption of professional standards for the auditing and accounting profession; (iii) evidence that each commercial bank has met the legal capital adequacy requirement; (iv) evidence of an offer for sale of two public enterprises in the fishing sector (MAUSOV and ALMAP); and (v) increase in the access fees for demersal and cephalopod fishing to 8 percent of the estimated yield value.

- Release of the third tranche was subject to: (i) recovery of UM 700 million in bad bank debts; (ii) increase in the access fees for demersal and cephalopod fishing to 11 percent of the estimated yield value; (iii) submission to Parliament of revised commercial, investment, and commercial and civil procedure codes; (iv) submission to Parliament of a revised mining legislation; and (v) evidence that each commercial bank has met the legal capital adequacy requirement.

3.6 The second and third tranches were expected to be disbursed 12 months apart. The Credit was expected to close by December 1997.

3.7 As noted above, the PSDCBC was aimed at supporting the reforms. First, in view of the oligopolistic structure of the banking sector after its privatization and of its practice to cater to the working capital needs of the companies belonging to the commercial groups dominating the economy rather than providing term finance to investors, the intention was to develop a comprehensive financial strategy to promote the emergence of SME/SMIs and micro-entrepreneurs. Second, the complexity of revising/updating the business legislation to make it compatible with modern practices while accommodating Islamic customs required special expertise. Third, special expertise was also needed to update the mining code to make the regulatory framework more attractive to potential foreign investors. Fourth, in the fishing sector, the project aimed at improving the capacity to manage the sector more rationally, including the adequate recording of export revenues, the proper conservation of stocks, and the strengthening of environmental and quality control capabilities. The design of the project contained the following features:

- A high proportion of local costs (36 percent) reflecting efforts to: (i) maximize capacity-building—all long-term consultants were to be local; (ii) involve local elements in the technical aspects of the work, both to promote capacity-building and emphasize on-the-job training through joint efforts by foreign and local consultants; and (iii) involve the staff of existing ministries in project implementation, follow-up, and coordination.
- The project was to be executed by different ministries or agencies based on their respective competence. Coordination was entrusted to the former Rehabilitation Unit of the Parapublic Sector, which had been set up as the executing agency within the Ministry of Planning (MOP) (now the Ministry of Economic Affairs and Development – MAED) for the PESAP of 1990, because it had acquired

experience in managing the adjustment program. It was reconstituted as the Project Coordination Unit (PCU) and was not responsible for project implementation, except in a few areas involving several agencies. However, it was responsible for overall reporting, audits, procurement, disbursement, and other procedures required by the Bank. In addition, it was to have two important functions: (i) management of a Social Communications Fund, set up to explain/disseminate information on the program; and (ii) ensuring client consultation during project execution, including through workshops.

- Three schedules were agreed at appraisal: (i) one for implementation, listing intermediate target dates; (ii) one for performance indicators by executing agency—it provided for a joint annual review (progress made; work program, and budgets) in June of each year and a joint mid-term review in July 1997; and (iii) one for supervision, listing inputs and documents needed for project supervision by the Bank.

3.8 The PSDCBC was expected to be disbursed over four years, with a timetable linked to that of the PSDC. The project was to be completed by June 1999 and the Credit closed by December 1999.

Relevance of Objectives

3.9 Although the objective of the two projects was fully consistent with the CAS goals as described above, their design failed to take sufficiently into account the low level of competition prevailing in Mauritania. Partly as a result of the small population of the country and past feudal influence, the economy is dominated by oligopolies centered on commercial interests rather than on production and investments. Anti-competitive practices and barriers to entry are common in key sectors, such as banks, transport, trade, and import/export. From an operational point of view, the TA project had a tall agenda, given the multiplicity and complexity of tasks and the number of ministries/entities involved, with the main challenge being the revision of the business legislation, which had to meet the requirements of the western and Islamic cultures. In that respect, the institutional and coordination capacity of Mauritania was somewhat overestimated at preparation/appraisal.

Achievement of the Objectives and Implementation

3.10 Achievement of the objectives was mixed. In several cases, implementation took longer than anticipated. For the first two years (mid-1995 to mid-1997), TA activities were closely associated to the timetable required to meet the PSDC tranche release conditions. After the latter was closed, the pressure was maintained to implement the PSDCBC according to the schedules mentioned above.

3.11 **Exchange rate and trade regime.** The exchange rate was unified and the import licensing system was liberalized. A unified and market-determined exchange rate was achieved by end-1995 with: (i) the elimination of the preferential rate for workers' remittances and of the limits on transfers for invisible payments; (ii) the creation of a free market for foreign currency banknotes and travelers' checks; and (iii) the opening of six exchange bureaus operating as non-bank institutions. However, the currency market has remained thin and its proper functioning is hindered by the anti-competitive practices of the banking sector. Manufacturers are reported to obtain foreign exchange for payment to foreign suppliers only from foreign exchange bureaus and not from banks and only at substantial premia. In the trade area, prior import authorizations were eliminated. Finally, the Central Bank of Mauritania (CBM) carried out a debt buy-back operation to obtain debt relief from creditors and helped commercial banks in eliminating arrears to their foreign correspondents.

3.12 **Incentives for PSD**. The objective of removing obstacles to PSD was supported by TA activities in four sub-areas: strengthening of the legal and institutional framework, including training of judges and court auxiliaries; a feasibility study of a tax free regime for exporters; upgrading of the accounting and auditing framework; and support to the Chamber of Commerce. Reforms were partially achieved.

3.13 *Legal and judiciary framework*. Key business legislation (commercial code; commercial and civil procedure codes) was revised as per third tranche conditions, but with delay. Several revisions were completed only before the closing of the TA project. However, many implementation decrees were not issued as of end-2003, with the old laws still applicable as a result; this was for instance the case for the Commercial Code. Also, the revised texts lack simplicity and are still not sufficiently adapted to the local culture. The revision of the Investment Code was postponed until completion of the fiscal and tariff reform undertaken in 1997 under the PRMC (see further below), on the grounds that it should be as close as possible to the tax code, thus providing fiscal incentives under the common regime rather than under preferential regimes. Laws on the organization of the judiciary and on judiciary fees were also revised, while the professions of court auxiliaries were liberalized and their statutes revised with the purpose of improving the efficiency and credibility of the judiciary. However, the judiciary remains very weak.

3.14 Four other measures complemented the above: a training program for judges and court auxiliaries was implemented, but its scope and depth were much too limited; the regular publication of the Official Bulletin was resumed and the electronic indexation of laws initiated; three major international business conventions were ratified to bring Mauritanian legislation to international standards; and the computerization and strengthening of the Commercial Register was initiated.

3.15 *Investment incentives*. The feasibility study of tax-free regimes for new exporters, planned under the TA project, was postponed as being more appropriately undertaken as part of the revision of the Investment Code. Instead, a one-stop-window was set up to facilitate applications to establish new enterprises, but it met with operational difficulties due to the *de facto* suspension of the Investment Code.

3.16 *Accounting and auditing framework*. Professional standards for the accounting and auditing professions and the national accounting plan were revised on the basis of international practices and norms, as per second tranche conditions. However, revision and adoption of the new texts took longer than expected because of delays in hiring consultants. Unfortunately, the Accountants and Auditors Association was not involved in those tasks. A very small training program for accountants and auditors was completed only under the PSDCBC.

3.17 *Institutional support to the private sector*. Despite assistance under the TA operation, the chamber of commerce was not reorganized as a fully autonomous body representing the private sector and directing its efforts at small firms. Although revised statutes were adopted by Parliament in January 2000, implementation decrees were still pending when the two Credits closed. As a result, the chamber remained inoperative with no membership established and no elections held. Resistance from the Government and the powerful employers' association prevented the chamber from evolving to a more inclusive body attractive to small and emerging businesses. This situation last until an agreement was finally reached in mid-2003, when elections here held.

3.18 **Banking sector and its regulation**. The restructuring of the banking sector (which had been undertaken under the 1987 structural adjustment loan (SAL)) was consolidated but prudential regulations are not loosely enforced by CBM. According to second and third tranche conditions, GOM recovered the commercial bank non-performing loans (for a total of UM 1,500 million) that had been transferred to a public agency *(Agence de Recouvrement des Créances Bancaires - ARCB)* created as part of the restructuring and privatization of the sector in 1993–95. Although, as per tranche release conditions, commercial banks adhered to the legal capital adequacy requirements provided by the new banking law, CBM is reportedly lax in enforcing prudential regulations. Two training programs in bank management were provided and a Center for Bank Training created with the assistance of the French Banking Training Center.

3.19 Despite further consolidation of the banking sector, the key objectives of improving the quality of banking services, fostering competition between banks, and reinforcing the credibility of the credit system were not achieved. The oligopolistic structure of the sector remains intact and banking services remain limited to a small group of economic operators. With respect to the credibility of the credit system, under the TA project, CBM established a credit risk information system *(Centrale des Risques)* and a credit arrears information system *(Centrale des Impayés)*, with the purpose of improving the quality of bank portfolio by allowing banks to provide and obtain information on existing or potential clients; however, the first is not functioning as intended and the second is not functioning at all.

3.20 **Development of financial institutions and markets.** Financial markets were strengthened with the gradual introduction of indirect instruments of monetary policy. Interest rates remained positive in real terms and a nascent inter-bank money market was developed by the regular issue of T-bills, thereby establishing a market-related interest rate. However, one of the key objectives of the PSDCBC, the formulation of a strategy to broaden the financial sector by providing term finance and access to credit by SMEs and micro-enterprises, was not achieved. This was due to poor studies and lack of commitment by the authorities and CBM alike. As of early 2004, terms of reference for a new study had been issued by CBM.[3]

3.21 **Fishing sector**. The systems of awarding access rights and licenses for both demersal and pelagic fish were adopted, thereby meeting the second and third tranche release conditions. The systems were made more transparent and led to positive results on revenues and competition. Surveillance capabilities were reinforced with assistance from Germany; the main fish marketing company was partially privatized; and holdings in the two largest fishing companies were sold or reduced, according to second tranche release conditions.

3.22 In the fishing sector, the TA project aimed essentially at strengthening the capacity to manage the sector. It financed a survey of fishing resources, the establishment of a monitoring mechanism for fish exports, and the strengthening of environmental and quality control capabilities. However, the objectives of improving the conservation and management of resources, the monitoring of export receipts, and the strengthening of the regulatory capacity were not achieved. There were three major shortcomings.

3.23 First, a centralized information system (*Bureau Unique de Contrôle* – BUC), a key policy tool, was established with the purpose of monitoring foreign exchange flows in and out of the sector but remained inoperative as the network aimed at linking the different user ministries/agencies (Ministry of Fisheries, CBM, Customs) was never put in place. Second, the strengthening of the oceanographic research center (CNROP), aimed at conducting research in surveillance and management of resources, sanitary control, and conservation, did not take place due to persistent funding and management problems; similarly, management and procurement problems prevented the strengthening of the center's capacity to formulate environmental guidelines and ensure that quality norms meet EU standards. As a result, the center did not provide the needed scientific leadership for a sound long-term development of the sector. Third, the reorganization of the Ministry of Fisheries and Maritime Economy and the training of its staff in new technologies, conservation priorities, and greater sensitivity to private investor needs and concerns were not implemented as the anticipated assistance from donors did not materialize. This latter sub-component was taken on by the PRMC as part of a wider program of reorganizing five key ministries (see further below).

3.24 **Mining sector**. With assistance under the TA operation, a medium-term mining development strategy was formulated leading to a revision of the mining code, the completion of the mining cadastre, and the preparation of a new tax code for the sector, thus fulfilling third tranche release conditions. Although the texts were revised with delay because of difficulties in recruiting qualified consultants, they laid the foundations for attracting private investment into the sector. The reorganization of the Directorate of

[3] In the absence of micro-finance facilities and the difficulties of the informal sector to access credit, in 1997, CBM sponsored the establishment of an agency aimed at promoting the creation of savings and loans cooperatives (Caisses Populaires d'Epargne et de Crédit - CAPEC). The scheme is quite successful with 20 CAPECs as of January 2004, present in all provinces, and with some 30,000 members. The Bank supported the scheme through studies and provision of equipment.

Mines and training of its staff, aimed at building its regulatory capacity, was delayed, as technical assistance from other donors did not materialize. As a result, like in the case of the fishing sector, this sub-component was moved to the PRMC as part of the reorganization of five key ministries (see below).

Outcome

3.25 **Private Sector Development Credit**. *The outcome is downgraded from satisfactory in the ES to moderately satisfactory.* Overall, a clearer and friendlier business environment was put in place, but some important objectives were only partially achieved. The exchange rate and trade regimes were liberalized, but the foreign exchange market remains thin and subject to anti-competitive practices by the banking sector. Under the incentive structure for PSD, some codes were revised but not yet implemented for lack of implementation decrees; the revision of the Investment Code was postponed, but some international conventions were ratified. However, support structures for small entrepreneurs were not put in place. The restructuring of the banking sector was consolidated but banking services and the enforcement of prudential regulations remain inadequate. Financial markets were strengthened but access to credit by SMEs and small entrepreneurs was not facilitated. Access rights for fishing were made more transparent and a modern mining legislation is now in place.

3.26 **Private Sector Development and Capacity Building Credit**. *The outcome is downgraded from satisfactory to moderately satisfactory*. Achievements present a very unbalanced picture. Under the incentive structure component, the objectives of revising the business legislation and of associating local expertise in that revision were achieved, as well as an improved dissemination of legal information. A modest training program for judges and court auxiliaries was carried out but with little impact. In the banking sector, a training center was created, but the risk and credit arrears information systems at CBM were not made operational. The local accounting and auditing profession was not associated with international consultants in the task of revising the national accounting plan. A strategy for the development of the financial sector, notably for term finance and micro-finance, was not formulated. In the fisheries sector, a key sector for the economy, the objective of raising the capacity to manage the sector and lead research in the field was not achieved. In the mining sector, the TA provided was key to the revision of the legislation. This unbalanced picture is due in part to the complexity of the tasks and the multiplicity of the ministries/agencies involved.

Institutional Development Impact

3.27 **Private Sector Development Credit**. *The rating of modest is maintained.* The clear institutional development impact of the project was on the Directorate of Mines, which has developed clear tools to promote and manage the applications for exploration permits. In the other areas, the impact was modest or negligible. For instance, in the key area of applying and enforcing the revised and updated legislation, GOM has not been able to harness its resources to prepare and issue most of the application decrees. The opportunity of formulating a financial sector strategy and of building a strong Chamber of Commerce in support of small firms was not seized, due to administrative obstacles, vested interests, and lack of vision; in the fishing sector, the capacity to manage and monitor the resources was not developed.

3.28 **Private Sector Development and Capacity Building Credit**. *The rating of IDI is downgraded from substantial to modest.* In the mining sector, the Directorate is now administering the new policies and exploration permits on a day-to-day basis in a well-managed and transparent way. But, in other areas, the impact of the TA support was mixed: little capacity building was achieved in the legal area despite the participation of local scholars side by side with international consultants, even though training was provided to judges, court auxiliaries, accountants, and commercial bank personnel, their long-term impact is questionable because programs were too short and the curriculum too superficial. Capacity building was not achieved in the area of formulating a financial sector strategy, or in the case of the oceanographic research center, which was important because of the dominance of the fisheries sector.

Sustainability

3.29 **Private Sector Development Credit**. *The sustainability is rated likely as in the ES*. The risk of reversal in overall PSD policies is minimal. The continued commitment of GOM to reforms was demonstrated by its determination to broaden and deepen the adjustment agenda by restructuring and simplifying the tax and tariff systems under the PRMC and the FRSC (see section 4), in particular to improve private sector competitiveness. However, GOM is aware of the need to strengthen its civil service to implement the reforms in a manner best responding to the needs of the private sector.

3.30 **Private Sector Development and Capacity Building Credit**. *The rating is maintained as likely*. In the areas where capacity building was effective, achievements are likely to be sustainable. This is especially the case of the mining sector. However, in all the other areas, sustainability is unlikely or at best uncertain. The judiciary is very weak and is not reported to be able to handle business disputes in a professional and transparent manner. In the areas where training was provided, sustainability is uncertain. The sustainability of the banking training center depends on the willingness of the banking community to cover its running costs.

Bank Performance

3.31 **Private Sector Development Credit**. *Bank performance is downgraded from satisfactory in the ES to moderately satisfactory.* The rating is based on the fact that, with its intimate knowledge of the adjustment program since 1985, the Bank should have given prominence, at entry, to tackling the issue of lack of competition in the Mauritanian economy and designed the reform program accordingly. Although the various reform components by themselves were well chosen, they failed to address obstacles to competition. Also, in the design of the project, the Bank underestimated the time required for amending legal texts, given the necessity to reconcile western and Islamic cultures and legal traditions. During implementation, Bank support was consistent and well coordinated with the assistance provided under the TA project.

3.32 **Private Sector Development and Capacity Building Credit**. *Bank performance is rated satisfactory as in the ES*. Quality at entry was generally satisfactory with TA and other assistance well targeted to the reform areas, although the agenda could have been less dispersed to facilitate coordination between ministries. With hindsight, the resources allocated to the fishing sector were probably too limited, thereby constraining the guidance and support the Bank could have provided. The quality of the TA was generally good, except in the case of the financial sector strategy. Bank performance during execution was very intense, well organized, and well coordinated to meet the tranche release conditions under the PSDC. The monitoring schedules proved to be very useful to supervision missions. The latter showed initiative in devising corrective solutions as well as openness and flexibility in changing circumstances. One design flaw appeared during execution, that is, the decision to entrust CBM with the responsibility of the banking sector component, which caused frictions with the coordination unit.

Borrower Performance

3.33 **Private Sector Development Credit**. *Borrower performance is downgraded from satisfactory in the ES to moderately satisfactory*. Both at entry and during execution, the Government showed a clear vision of the policies needed for PSD, except for some aspects of the fishing policy. However, the commitment to implementation of the revised legislation was not sufficient for the reforms to have a speedy impact. The coordination unit within the Ministry of Planning performed well and delivered good records and reports.

3.34 **Private Sector Development and Capacity Building Credit**. *Borrower performance is downgraded from satisfactory in the ES to moderately satisfactory*. Although GOM's commitment with respect to policies was firm as noted above, it was not always able to identify and recruit highly specialized consultants, thus causing delays, nor was it sufficiently pro-active in ensuring that the TA led to results.

4. Public Resource Management and Fiscal Reform

The Strategy Context

4.1 As noted in section 3, the country strategy in the mid-1990s had pointed to continued weaknesses in public expenditure management and revenue mobilization in spite of the renewed adjustment efforts since 1992. It had stressed the need to strengthen further economic management, institutional capacity, and governance, and had recommended concerted capacity building in core Government services. Indeed, several shortcomings had become apparent in public resource management, such as in the composition of revenues, the complexity and distortion of the tax and trade regimes, weak tax collection and administration, and tax evasion. In addition, the 1994 Public Expenditure Review (PER) had called for a restructuring of expenditure in favor of the priority sectors and a streamlining of public investment programming and implementation. Finally, in the area of economic management and administrative organization, the dialogue had highlighted a limited policy-making capacity and an organizational structure ill-suited to the needs of a market-based economy. These issues became the agenda of GOM's program in public resource management, which consisted of a *Policy Reform Program*, supported by the PRMC, and a *Capacity Building Program* supported simultaneously by grants from the EU, France, and UNDP.

4.2 The close GOM/Bank dialogue during this period and the good results achieved by 1997 led to a more ambitious reform agenda for the late 1990s, that is, reducing poverty through accelerated private sector-led growth and increased competitiveness. This was reflected in the country strategy of the late-1990s, and, among the strategies to reach those goals, actions were required on two fronts. First, the restructuring and modernization of the public sector to better respond to the needs of the private sector. Second, raising the volume of investment and factor productivity in non-iron ore sectors.

Objectives and Design

4.3 The Public Resource Management Credit (PRMC – June 1996) and the Fiscal Reform Support Credit (FRSC – May 2000). Both projects aimed at addressing the public resource management issues mentioned above. In addition, the FRSC supported the policy of stepping up poverty reduction through accelerated PSD. The two projects must be seen in conjunction since the FRSC was, largely, the extension of the PRMC, mainly in the fiscal area.

4.4 Three areas were targeted for reform under the PRMC:

- resource mobilization by improving tax administration and by reforming the corporate and personal income tax systems, the taxation of the productive sectors, and the tariff system;

- public expenditure management by preparing a three-year public expenditure program (PEP); limiting the growth of the public wage bill and defense spending; avoiding transfers and subsidies to public enterprises (PEs); strengthening debt management; improving the efficiency of social services; defining a core three-year rolling public investment program (PIP); and enhancing the transparency and accountability of public finance management; and

- economic management and modernization of the administrative apparatus by strengthening economic management institutions responsible for policy-making and implementing the reforms, especially the technical committee of the Interministerial Committee on Economic Policy; and by improving the organizational structure and administrative procedures of five core ministries (Finance, Planning including the Statistical Office, Fisheries, Commerce, and Industry) through audits, assessments of human and material resource needs, training, and strengthening of personnel management and administrative functions. This latter objective was expected to lead to a reorganization of the entire public sector system; it was supported by TA, studies, and other activities provided or carried out by the cofinanciers mentioned above.

4.5 Reforms under the first and second areas were to be consolidated and extended under the FRSC by expanding the reform of the direct tax system; aligning direct and indirect taxation; reducing further the burden of taxation by removing inefficiencies in the tax, tariff, and associated codes after a study of the marginal effective tax rate (planned for the second half of 2000 and to be implemented over 2001–02); strengthening public expenditure management; and strengthening fiscal administration by completing the restructuring and strengthening of the General Tax Directorate.

4.6 The reforms were detailed in two Letters of Development Policy and are summarized in annexes D and E for the PRMC and the FRSC, respectively.

4.7 The PRMC was designed on the basis of actions taken prior to negotiations and on the release of five tranches, one upon effectiveness without conditions, and two core and two floating tranches with conditionality. The core tranches were expected to be disbursed by January 1997, and January 1998, respectively. The choice of floating tranches was justified by the fact that, due to their complexity, the fiscal and institutional reforms were likely to require a long time to be completed. Although no dates were set, both floating tranches were expected to be released by mid-1999, the closing date of the Credit. However, in case of unsatisfactory performance or non-fulfillment of the conditionality by the expected life of the project, they were to be cancelled.

4.8 Tranches were to be released as follows:

- Release of the first core tranche was subject to: the creation of a master file with tax identification number for each taxpayer; the preparation of an indicative PEP, including a rolling PIP, for 1997, compatible with the macro-economic framework; the extension of pre-shipment inspection to all imports; and meeting the macro-economic targets for 1996, as set in the 1996–98 policy framework paper (PFP).

- Release of the second core tranche was subject to: the introduction of a new budgetary nomenclature; the preparation of a PEP for 1998, compatible with the macro-economic framework; meeting the macro-economic targets for 1997, as set in the 1996–98 PFP; and the submission of an action plan and timetable for the corporate and personal income tax reform.

- The first floating tranche was subject to the adoption of a program for the restructuring of the five core ministries, and the second one to amending the corporate and personal income tax regulations.[4]

4.9 The design of the FRSC was based on the High Impact Adjustment Lending (HIAL) model and on the recognition of Mauritania's progress in stabilization and structural reforms. It was a one-tranche operation disbursed upon effectiveness on the basis of six tax measures incorporated into the 2000 budget. The reform of the direct tax system had been prepared under the PRMC since 1997 and was to be implemented over the 2000-02 budget years. The first phase was supported by the FRSC, while the second and third ones were to be introduced in the 2001 and 2002 budgets, each with the support of a similar IDA credit. The country strategy of the late-1990s and the internal Bank report of the FRSC indicated that the latter was the first of a series of three quick-disbursing budgetary support operations over 2000-02 aimed at filling the expected yearly financing gap. Budgetary support under the FRSC was directed at compensating for the revenue loss attributable to the reduction in taxes and tariffs, and at protecting the social sectors from the adverse effects of the reform. In the event, the FRSC was not followed by similar operations due to insufficient IDA funds; instead, it was to be followed by PRSCs. The Credit was to close by December 31, 2000. It was complemented by a Supplemental Credit of SDR 14.1 million, approved in December 2000, to compensate for the additional burden caused by the increase in oil prices in 2000.

Relevance of Objectives

4.10 The objectives of the two projects were consistent with the two country strategies of the 1990s. The PRMC addressed the goals of the first country strategy of reducing poverty by improved public expenditure management and of promoting PSD by redressing an inadequate structure in public resource mobilization. Through the concomitant capacity building program, two other country strategy goals were pursued, first, strengthening economic management to consolidate adjustment, deepen policy reform, and achieve stabilization; second, reorganizing the administration to support the State in its new role in a market economy. The FRSC responded to the priority of the second country strategy of accelerating poverty reduction through private sector-led growth by expanding the tax and tariff reforms, thereby strengthening Mauritania's competitive position on foreign markets.

[4] In addition to the above monitorable conditions, and although not part of the DCA, the MOP specified that performance would be judged by the following key indicators: (i) broadening of the tax base by, *inter alia*, increasing the number of registered tax paying enterprises by 5 to 10 percent per year; (ii) lowering the statutory corporate income tax; (iii) limiting wages and salaries to 4 percent of GDP by 1998; and (iv) promoting private investment to attain at least 11.5 percent of GDP by 1998.

Achievement of Objectives and Implementation

4.11 Objectives with respect to the tax and trade reforms were substantially achieved, but those with respect to public resource management and the reorganization of the public administration were partially achieved. The five tranches of the PRMC were disbursed without waivers or amendments and its closing date postponed by six months to December 31, 1999. The FRSC was closed on December 31, 2000, as scheduled. Achievements are discussed below.

4.12 **Resource mobilization**. Four areas were targeted over 1995–2002.

4.13 *Tax administration*. The main improvement in this area was the creation of a master file with a single taxpayer ID number integrating the tax and customs databases. As a result, the number of taxpayers has increased, collection has been facilitated, and coordination between agencies improved. The system is expected to further improve with the introduction of the "civil register" (état civil), which will allow to reconcile information on individuals, both as "citizens" and as "taxpayers." The General Tax Directorate was reinforced with the creation of a Large Enterprise Directorate, responsible for monitoring tax payments by large enterprises. Although both the General Tax Directorate and the General Customs Directorate were strengthened, they still suffer from a lack of competent staff, training, and equipment.

4.14 *Indirect tax reform*. The reform was initiated in 1995, by replacing several indirect taxes with a value added tax (VAT) consisting of two rates: 5 and 14 percent. It was extended in 2001 by: (i) the merger of the two VAT rates into a single rate of 14 percent and (ii) the review of the exemption system under the VAT (Société Nationale Industrielle et Minière (SNIM); fisheries; Investment Code; Corporate Charters). The reform has yet to bear fruit fully, however, because difficulties are encountered in applying the VAT system by enterprises and the tax administration alike, due to its complexity. The problem is particularly acute in the provinces where the infrastructure is embryonic, although it exists also in Nouakchott.

4.15 *Direct tax reform*. The reform was prepared in 1998–99[5] and implemented over three years (2000–02). In addition to widening the tax base, the objective was to make the system more equitable, more transparent, and simpler to administer. It also aimed at facilitating the move from the informal to the formal sector. The first phase of the reform was introduced in the 2000 budget and constituted the conditions prior to Board presentation of the FRSC. The reform consisted mainly of: (i) reducing the corporate tax rate (*Bénéfice Industriel et Commercial* - BIC) from 40 percent to 20 percent; (ii) increasing the percentage of the minimum presumptive tax on fisheries and other

[5] The reform was based on two studies, one by the consultant Sodeteg, the other by Foreign Investment Advisory Service (FIAS), carried out in consultation with the IMF. The Sodeteg study had recommended a single income tax, but the proposal was not adopted because of difficulties in implementation. There are still individual direct taxes on income from salaries, real estate, and interest and dividends. Since there is a general income tax on total income, from which is deducted the total taxation from these individual taxes, there is double taxation on the balance. GOM will review this issue after an evaluation of the reform to be carried out by the IMF.

products deductible from the BIC from 25 percent to 100 percent; (iii) reducing the number of brackets of the tax on salaries from 11 to 5; (iv) reducing the number of brackets of the general income tax from 11 to 5; (v) simplifying the taxation on real estate income by merging two taxes; and (vi) replacing the flat tax on profits by a synthetic tax, thereby facilitating the taxation of the informal sector. In 2001, the system of exemptions from the BIC under the Investment Code was also revised. One shortcoming under the FRSC was the failure to carry out the study on the marginal effective tax rate planned for the second half of 2000. Annex F presents the changes implemented in the direct tax system over 1999–2003; they are summarized in table 4.1.

Table 4.1: Direct Tax Reform, 1999–2003

	Tax Structure				
	1999	***2000***	***2001***	***2002***	***2003***
Ind. and com. profit tax (BIC)	40%	40%	35%	25%	20%
Non-com. profit tax (BNC) [a]	35%	35%	35%	35%	35%
Min. presumptive tax (IMF) [b]					
Fisheries	2% (50%)	2% (50%)	2% (75%)	2% (100%)	2% (100%)
Other	4% (50%)	4% (50%)	4% (75%)	4% (100%)	4% (100%)
Tax on comp. and salaries (ITS)	11 brackets 6%–39%	11 brackets 6%–39%	5 brackets	5 brackets	2 brackets
General income Tax (IGR)	11 brackets 5%–55%	11 brackets 5%–55%	11 brackets 5%–55%	5 brackets	5 brackets
Tax on real estate income (IRF) [c]	30% (10%)	20%	Merger IRGF/IRF	6%	6%
Flat tax on profits (BIC forf.)	10 brackets	5 brackets	Syn. tax	Syn. tax	Syn. tax

Source: Annex F.
[a] Was to be merged with BIC in 2001, but was not done.
[b] The percentage in parentheses is deductible from the BIC.
[c] Deductible from gross taxable base.

4.16 *Trade reform.* The reform was initiated in 1997 and completed in 2000. In addition to increasing revenues and widening the tax base, the objective was to reduce fraud and make the system more transparent and simpler. Currently, there are four rates on imports: 0, 5, 13, and 20 percent. In addition, there is a uniform statistical tax of 3 percent on imports and exports.[6] The reform resulted in reducing the tariff pressure from 47 to 23 percent. In agreement with the IMF and the Bank, it was to be implemented over 3 years (1997–99), but GOM requested an extension of one year to 2000, so as to harmonize the rates with the common external tariff of the Union Economique et Monétaire Ouest Africaine (UEMOA) introduced on January 1, 2000. Harmonization with the Maghreb Union was never done, since trade with the Maghreb is fairly limited (there are only some bilateral agreements).[7] The pre-shipment inspection system was extended to all imports.

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[6] For fish, the statistical tax is 3 percent for cephalopods and 11 percent for pelagic; however, a study is planned to review export taxation on fish.
[7] After harmonizing its trade regime with that of the UEMOA, Mauritania's current priority is to achieve harmonization with WTO.

4.17 **Public expenditure management**. Since 1997, three-year rolling PEPs and PIPs, consistent with the macro-economic framework and reflecting sectoral strategies, have been prepared. The PEP process, managed by the Ministry of Finance (MOF), was strengthened by consolidating all sources of financing, special accounts, and counterpart funds, while a PIP monitoring unit was established within MAED. As part of the transition to medium-term expenditure frameworks (MTEF), the PEP and the PIP are being redesigned, but the limited capacity of both ministries remains an obstacle to rapid progress. Five MTEFs were prepared, of which only those for education and health were incorporated into the 2003 budget. The budget cycle was strengthened and a revision of the procurement code initiated.

4.18 However, the outcome of the above measures had little impact on the level of social expenditure during the second half of the 1990s (table 4.2). Neither project had quantitative targets for education and health expenditures, but the budgetary support provided by the FRSC aimed, *inter alia*, at protecting the social sectors from the adverse effects of the tax reform. That objective was not met, as the 2000 allocations to education and health were not maintained at their 1999 level. Starting in 2001, the outcome picture is affected by the HIPC resources made available that year. These were directed largely to activities under GOM's poverty reduction program.

Table 4.2: Social Expenditures (percent of GDP, 1992–2002)

	1992	***1993***	***1994***	***1995***	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***	***2002***
Education	3.7	4.1	4.1	4.3	4.8	5.1	5.0	5.3	4.5	4.6	5.5
Health	1.0	1.2	1.5	2.0	1.7	1.7	1.7	1.7	1.6	2.0	2.9
Poverty reduction	0.0	0.6	0.7	1.1	0.7	0.5	0.8	0.7	1.3	1.7	2.2
Total	4.7	5.9	6.3	7.4	7.2	7.3	7.5	7.7	7.4	8.3	10.6

Source: IMF.

4.19 **Economic management and organizational restructuring**. The policy-making capacity of the Technical Secretariat of the Interministerial Committee on Economic Policy was strengthened due to TA, staff development, training, and computer equipment. However, the public administration still needs to be re-organized. Full audits of the five selected ministries were carried out to assess the changes required to meet the needs of a market-based economy, however, only some administrative functions were revised and most of the recommendations were not adopted or implemented due to considerable resistance from the staff.

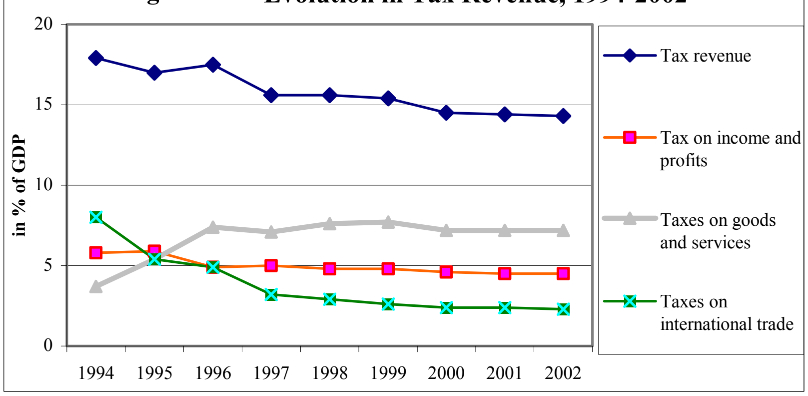
Outcome

4.20 **Public Resource Management Credit**. *The outcome is downgraded from satisfactory in the ES to moderately satisfactory.* The objectives of reforming the tax and trade systems were achieved, with positive results in terms of reduction in fiscal pressure and simplification in rate structure, thereby making the taxation and trade systems more transparent and simpler to administer. However, the intended benefits of the reform will only become fully apparent as the administrative capacity to effectively apply it in all its aspects is developed. The objective of improving public resource management and redirecting more resources to the social sectors was partially achieved, while the objective of reorganizing the administration to make it more efficient and more responsive to the needs of the private sector was not achieved.

4.21 **Fiscal Reform Support Credit**. *The outcome is downgraded from highly satisfactory in the ES to moderately satisfactory*. The reform of the direct tax system proceeded as planned and was well implemented. However, it is too early to judge whether reduced tax rates on income and profits will have a lasting impact on investment, business development, and competitiveness. There were shortcomings in other areas: the study on the marginal effective tax rate was not carried out; there was no noticeable improvement in public resource management and budgetary allocations to the social sectors were lower in 2000 than in 1999.

4.22 Figure 4.1 shows the results of the tax reform (details are in Annex G). Over the period 1994–2002, the fiscal pressure, measured as tax revenue in percentage of GDP, was reduced from 17.9 percent to 14.3 percent (see table 2.1 above).[8] Taxes on income and profits declined from 5.8 percent of GDP to 4.5 percent, reflecting essentially the reduction in rates of the corporate income tax. The major change of the reform however affected the indirect tax system. Taxes on goods and services (essentially the VAT) increased from 3.7 percent of GDP to 7.2 percent. They replaced, as the main source of taxation, taxes on international trade, which fell from 8.0 percent in 1994 to 2.3 percent in 2002. The relative share of direct and indirect taxes in tax revenue remained virtually unchanged at one-third and two-thirds, respectively.

Figure 4.1: Evolution in Tax Revenue, 1994-2002



Source: Annex G.

Institutional Development Impact

4.23 **Public Resource Management Credit**. *The rating is downgraded from substantial in the ES to modest.* The tax and trade reform had the effect of bringing greater clarity in taxation for both taxpayers and policy-makers, but its impact in terms of IDI within the administration was limited, due to institutional constraints. Also, its impact may be limited by the fact that the analytical work was too theoretical and not sufficiently adapted to local conditions. Progress in managing domestic public resources, especially

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[8] Table 2.1 shows that non-tax revenue increased substantially over the past few years, reflecting the large revenues derived from the fishing agreement with the EU in 2002. See the surge in non-tax revenue in 1996 and 2002 in Annex A.

by raising allocations to the social sectors, was slow and burdened by administrative inefficiencies and problems of coordination between MOF and MAED. Progress in adopting MTEFs and in improving economic management was also limited. Finally, the reorganization of the five key ministries, expected to be a fist step towards a complete revamping of the public administration, was unsuccessful.

4.24 **Fiscal Reform Support Credit**. *The rating is downgraded from high in the ES to modest.* For the reform of the direct tax system, the assessment is the same as for the PRMC. The General Tax Directorate was restructured and strengthened with good results in facilitating the monitoring of large enterprises. However, PEPs, PIPs, and MTEFs were not successful in channeling more domestic resources for poverty reduction.

Sustainability

4.25 **Public Resource Management Credit**. *The rating is downgraded from highly likely to likely.* The fiscal and trade reform is unlikely to be reversed, given GOM's strong commitment to raise competitiveness. But, sustainability in the medium- to long-term is dependent on continued efforts on the part of GOM and external support.

4.26 **Fiscal Reform Support Credit**. *The rating is downgraded from highly likely to likely.* While the reform of the direct tax system is likely to be sustained, the progress on public resource management remains uncertain.

Bank Performance

4.27 **Public Resource Management Credit**. *The rating of satisfactory is maintained as in the ES.* The Bank had an intimate knowledge of the reform program initiated in 1992, and, as a result, designed and sequenced the project very well. The continuity in staff was a key factor in that respect. The choice of floating tranches for actions requiring time and flexibility on the part of different branches of Government proved to be an effective vehicle both as an incentive to progress and as a monitoring tool. During implementation, the Bank followed closely the tax and trade reform but neglected the public resource management component. Similarly, for the organizational audits of the key ministries with the result of very little institutional improvement in that area.

4.28 **Fiscal Reform Support Credit**. *The rating of highly satisfactory is downgraded to satisfactory*. The project was a one tranche operation appraised and approved *ex post facto* on the basis of six measures included in the 2000 budget, thus providing little incentive to monitor and support the component of the project less amenable to lead to quick success, that is, public resource management and greater efficiency in poverty reduction measures.

Borrower Performance

4.29 **Public Resource Management Credit**. *The rating is downgraded from satisfactory to moderately satisfactory.* The Government demonstrated strong ownership of and commitment to the fiscal reform component of the policy program, both at entry and during execution. However, there was much less commitment to public resource management and, more generally, to the different institution building components, for which there was a lack of vision to harness the resources needed to achieve the objective. This is illustrated by the failure to follow through on the recommendations of the organizational audits of the key ministries and by the weak coordination between the different project components, especially under the capacity building program, which proved highly demanding on the administration.

4.30 **Fiscal Reform Support Credit**. *The rating of highly satisfactory is downgraded to moderately satisfactory.* The Government showed clarity, consistency, and determination in pursuing its tax reform agenda, but failed to show the same determination in strengthening public resource management and in vigorously pursuing policies toward poverty reduction.

5. Conclusions and Lessons

5.1 The overall outcome of the PSD reform is a mixed picture. On the one hand, the four projects assessed here have undoubtedly contributed to the opening of Mauritanian society and created a more favorable environment for the development of the private sector than was the case prior to 1995. A framework has been established. On the other hand, judged against the fundamental objectives of the reform, the impact is still modest. There were three key medium- to long-term objectives: acceleration of PSD to reduce poverty, improvement in public resource management to bring more efficiency and equity in resource use, and increased competitiveness to place Mauritania on a stronger footing on world markets. The effective application of the reforms is still recent and it will take several years to bear fruit. However, as of end 2003, there are few signs of an impact on PSD, except in the telecom sector, where the liberalization and privatization of the sector under the reform of the parapublic sector have given rise to the emergence of small entrepreneurs. This situation is due to three main reasons.

5.2 First, the lack of direct support for PSD. The liberalization process and the different PSD operations were not accompanied or followed by direct support to the executive and judiciary branches to help build the much needed regulatory frameworks, strengthen private sector institutions, and to assist in the formulation of industrial norms and standards, training, development of statistical tools, all prerequisites for the emergence of well functioning markets. The limited impact of reforms on PSD and the spread of the informal sector are largely attributable to the lack of progress in these areas.

5.3 Second, oligopolistic practices, despite the liberalization and adjustment achievements over the past 15–20 years. Oligopolies dominate some of the major markets, such as banks, transport, domestic trade, and import/export, and barriers to entry are common. In particular, the reluctance of the banks to extend investment resources beyond members of the commercial groups to which they belong is major obstacle to PSD. In recent years, inequality in incomes has increased, with the Gini coefficient rising from 33.8 percent in 1996 to 39 percent in 2000. In such a climate, reforms are hard to translate into actual benefits among the population at large, in terms of emergence of new entrepreneurs, creation of employment, increase in incomes, and lower prices. The issue of lack of competition in Mauritania is a critical one deserving immediate attention.

5.4 Third, difficulties in translating policy decisions into effective implementation. This is illustrated for instance by the delay in preparing and issuing the application decrees of the revised legislation, with the result that, after several years, some of the old legislation is still being applied.

5.5 The relatively modest impact of the overall liberalization of the economy and of the operations assessed here on broad PSD raises the issue of how to explain the good performance of the economy over the 1990s as evidenced by the macro-economic indicators (see section 2). It appears as a paradox. The adjustment policies undertaken since the mid-1980s had undoubtedly a strong impact on the capacity of the influential traditional trading groups to reinforce their dominant position in the economy, by expanding and diversifying their activities. This point is illustrated by the fact that each of these groups bought a commercial bank when the State-owned banks were sold in the late 1980s and early 1990s. This greatly facilitated their reach to other activities, but with little trickling effect to the rest of the population.[9]

5.6 Considering the above remarks, could or should the Bank have done things differently? Even though Bank performance is rated satisfactory when judging each of the four operations reviewed here, with hindsight and taking a longer perspective, that is, the 1990 decade, the Bank could have been more proactive in promoting a broader and more equitable distribution of ownership and in developing private entrepreneurship. When it became apparent that the privatization of banks had resulted in the creation of an oligopoly little inclined to term lending, the Bank should have addressed the issue through stronger conditionality in its operations and policy dialogue at the highest-level. Similarly, after the two country strategies of the 1990s had noted that there had been little supply side response to the late 1980s (SAL) and early 1990s (PESAP and AGSECAL) adjustment operations, the Bank should have integrated better the lessons learned in its later operations and dialogue. For instance, analytical work should have been launched on the prerequisites for PSD and on competitiveness as complement and support for stronger conditionality in the operations of the late 1990s.

Lessons

5.7 The following are lessons of general application.

- In programs or projects with a heavy agenda of legal and regulatory reforms, the conditionality should extend to the issuance of application decrees, and not only to the revision of laws. Also, the texts should be well adapted to local conditions, short, simple and clear. In those programs or projects, the Legal Department should be involved early on in preparation and design.
- Floating tranches are useful when the time required to complete a task or adopt a measure is uncertain or dependent on the Legislative.
- One-tranche operations based solely on actions taken prior to appraisal do not allow monitoring of implementation.
- Tax and trade reforms can be effectively implemented if they are based on sound analytical work and careful preparation. In Mauritania's case, these reforms were based on two high quality studies and, during preparation, their impact on reducing revenues was taken into consideration. However, the analytical work should have taken the local traditions more into account.

[9] In this connection, it is worth noting that the downgrading of many performance indicators in the present PPAR, compared to the evaluation summaries prepared by OED, is largely due to the fact that the latter were solely based on the ICRs, which, in this case, clearly failed to reflect the reality on the ground.

Mauritania: Key Economic Indicators 1989–2002
(in percent of GDP, unless otherwise indicated)

	1989	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
Real GDP (% increase)	4.8	– 1.8	2.6	1.7	5.5	4.6	4.6	5.5	3.2	3.9	5.2	5.2	4.0	3.3
CPI – Nouakchott (% increase)	13.0	6.4	5.6	10.1	9.3	4.1	6.5	4.7	4.5	8.0	4.1	3.3	4.7	3.7
National Accounts														
Gross domestic inv.	18.6	19.9	17.9	20.4	22.0	14.5	19.3	18.6	20.1	20.3	18.6	32.1	34.5	33.0
Central Govt. investment	5.6	6.3	5.1	4.5	4.3	4.3	3.8	6.1	5.1	5.7	5.6	7.4	8.1	10.8
Other (incl. PEs and change/stocks)	13.0	13.7	12.8	15.9	17.7	10.2	15.5	12.5	15.0	14.6	13.0	24.7	26.4	22.3
Gross national savings	4.1	– 1.6	3.2	3.9	12.1	15.2	13.9	17.0	21.6	19.3	22.1	29.4	23.9	27.9
Consol. Govt. Fin. Operations														
Total revenue (excl. Grants)	23.1	24.6	22.2	19.4	25.7	23.2	23.2	29.2	26.9	27.0	27.9	25.3	20.6	37.2
Tax revenue	17.5	18.3	16.6	16.5	19.0	17.9	17.0	17.5	15.6	15.6	15.4	14.5	14.4	14.3
Total exp. + net lending	33.7	31.9	28.9	24.9	36.8	27.7	24.8	24.0	22.7	24.9	25.7	29.7	26.0	31.0
Primary budget bal. (comit.)	– 7.3	– 4.7	– 4.1	– 2.4	– 6.9	– 1.6	1.7	8.4	7.1	5.6	5.7	– 1.2	– 2.6	9.2
Overall bal. Excl. grants (comit.)	– 10.6	– 7.3	– 6.7	– 5.4	– 11.0	– 4.5	– 1.6	5.2	4.2	2.1	2.2	– 4.4	– 5.5	6.2
External Sector														
Exports as % of GDP	47.0	41.9	38.5	44.9	45.9	42.1	49.1	45.4	39.2	39.9	37.9	40.7	40.0	33.3
Exports in US$ in million	447.3	421.9	437.8	414.1	399.4	393.7	478.9	474.9	408.0	359.8	333.1	344.7	338.6	330.3
Imports as % of GDP	37.2	40.3	36.9	49.6	43.8	45.6	59.5	57.7	48.9	53.8	49.1	52.5	52.6	42.2
Imports in US$ million [a]	353.8	405.7	420.0	457.7	409.1	303.5	395.5	437.9	386.3	357.9	310.5	336.2	372.3	418.0
Cur. act. def. (incl. off. trans. + oil)	15.0	– 13.0	– 7.0	– 8.8	– 9.9	– 3.0	– 6.3	– 1.6	1.5	– 0.5	2.4	– 2.6	– 10.4	– 5.1
Cur. act. def. (excl. off. trans. + oil)	– 15.0	– 22.0	– 15.0	– 16.6	– 21.2	– 11.1	– 13.1	– 13.7	– 3.8	– 5.8	– 4.3	– 5.8	– 10.4	– 0.6
Fish														
Est. fish catch in thousands of m.t.	503.4	446.8	485.4	455.8	479.8	306.3	424.5	622.8	554.4	659.2	504.7	544.9	642.3	672.6
Exports in US$ million	256.4	206.2	221.6	245.1	220.6	207.0	279.9	277.0	197.0	140.6	154.8	149.1	156.9	143.5
Exports as % of total X	57.3	40.3	50.6	59.2	55.2	52.6	58.4	57.3	48.2	39.1	46.5	43.3	46.3	43.4
Iron Ore														
Production in million of m.t.	12.1	11.5	10.3	8.3	9.2	11.4	11.3	11.4	11.7	11.4	10.4	11.3	10.3	9.6
Exports in US$ million	180.7	207.6	212.1	154.9	159.2	163.2	196.7	198.0	212.0	217.0	177.1	194.1	178.5	183.8
Exports as % of total X	40.4	49.2	48.4	37.4	39.8	41.5	41.1	41.7	51.8	60.3	53.2	56.3	52.7	55.6
Debt and Reserves														
Debt outstanding	155.1	170.5	155.5	183.6	233.9	225.2	232.6	198.0	194.0	214.0	212.0	189.5	201.6	191.9
Debt service (before relief) / XGS	37.2	35.4	34.7	41.8	44.4	31.3	27.4	31.6	37.5	34.7	35.7	36.3	33.8	36.1
Debt service (after relief) / XGS	28.2	31.2	34.7	40.7	30.4	28.0	22.2	22.7	29.8	23.7	22.4	24.0	15.5	14.8
Gross official reserves (m. of M)	2.0	1.0	1.0	1.2	1.0	1.0	1.7	2.7	4.7	4.6	5.8	6.9	6.8	8.7

[a] Starting in 1994, imports are compiled on the basis of customs data and are f.o.b. and are not comparable with those of the previous years.
Source: IMF.

PRIVATE SECTOR DEVELOPMENT CREDIT (Cr. 2726-MAU)

Agreements Reached and Conditionality

The following are the key elements of the GOM's program for the development of the private sector, including reforms of the financial, fishing and mining sectors, which have already been carried out:

- Authorization to non-bank institutions to operate foreign exchange offices as of January 1, 1995.

- Authorization to banks to use foreign-exchange-denominated accounts to finance import operations as of January 1, 1995.

- Designation of the Chamber of Commerce (CCIA) as the agency to provide support to the private sector and to act as the sector's spokesperson in dialogue with the GOM in January 1995.

- Recapitalization of commercial banks on the basis of audits conducted according to terms of reference drawn up by the Bank, completed in December 1994.

- Recovery by ARCB of UM 600 million worth of bad loans to which the State now holds title, completed in December 1994.

- Launching of auctions of T-bills in July 1994, which, since then, have become a regular monthly event, making it possible to identify a market-related interest rate.

- Creation of a secondary market for T- bills as of January 1, 1995, through regular intervention on the market as warranted by the Central Bank according to guidelines established with the IMF.

- Formulation of an action plan for the disengagement of the State from ALMAP and MAUSOV, two loss-making fishing concerns in December 1994.

- Revision and approval by the National Assembly of a new maritime code in December 1994.

- Adoption of a plan for the strengthening of the CNROP *(Centre National de Recherche Océanographique et de Pêche)* in December 1994.

- Creation of a Delegation for Maritime Surveillance in December 1994.

- Closure of Zone A of the *Banc d'Arguin* and the application of restriction to Zones B and C in December 1994.

The following conditionality has also been met:

- Implementation of the first phase of the access fees system for demersal and cephalopod (deep sea) fishing, said fees being fixed at 2 percent of the estimated value of production.

The following conditionality was agreed with the GOM for credit effectiveness:

- Adoption of a new Banking Law satisfactory to the Bank.

The following conditionality was agreed with the GOM for second tranche release:

- Recovery of an additional UM 800 million by ARCB.

- Formulation, in agreement with the Bank, of new standards for the accounting and auditing professions, and adoption of said standards.

- Provision of evidence by the Central Bank that each commercial bank operating in Mauritanian territory meets the capital adequacy requirements contained in the Banking Law.

- Preparation of a prospectus and solicitation of offers for the acquisition of MAUSOV and ALMAP in the context of the action plan for their privatization.

- Implementation of the second phase of the access rights system for demersal and cephalopod (deep sea) fishing, said fees being fixed at 8 percent of the estimated value of production.

The following conditionality was agreed with the GOM for third tranche release:

- Revision of commercial code, investment code, arbitration and bankruptcy rules, and the code of civil and commercial procedures in accordance with the study completed in January 1995.

- Recovery of an additional UM 700 million by ARCB.

- Provision of evidence by the Central Bank that each commercial bank operating in Mauritanian territory meets the capital adequacy requirements contained in the Banking Law.

- Implementation of the third phase of the access rights system for demersal and cephalopod (deep sea) fishing, said fees being fixed at 11 percent of the estimated value of production.

- Adoption of new Mining Legislation satisfactory to the Bank.

PRIVATE SECTOR DEVELOPMENT CREDIT
Matrix of Policy Measures
Islamic Republic of Mauritania

Policy and Area Related Objectives	*Strategies and Measures*	*Implementation Agency*	*Timing of Measures*
I. Improvement of Foreign Exchange and Trade Regime for Private Sector Development	▪ Continuation of the agreed policy on exchange rates, taking into account the balance of payments objectives and development on the free and parallel exchange markets.	*Banque Centrale de Mauritanie*	1995–97
	▪ Study of the modalities of a unified exchange regime in consultation with the IMF.	*Banque Centrale de Mauritanie*	April 30, 1995
	▪ Unification of exchange rates.	*Banque Centrale de Mauritanie*	Dec. 30, 1995
	▪ Completion of the debt buyback operation with a view to eliminating the arrears on the non-guaranteed commercial debt taken over by the Government.	*Banque Centrale de Mauritanie*	Sept. 30, 1995
	▪ Communication to the World Bank and IMF on the timetable submitted to the Central Bank by the commercial banks for the elimination (by cash payments, rescheduling and forgiveness) of their arrears to foreign correspondents (for which counterpart amounts were not deposited at the BCM).	*Banque Centrale de Mauritanie*	April 30, 1995
II. Improvement of Incentive Structure for Private Sector Activities	▪ Revision of investment and commercial codes, as well as other aspects of business law and the overall judiciary framework, in line with the recommendations of studies carried out on this subject.	*Ministère du Plan* *Ministère de la Justice* *Ministère du Commerce*	Dec. 31, 1996
	▪ Launching of training program for magistrates and auxiliaries of justice	*Ministère de la Justice*	Jan. 1, 1996
	▪ Preparation of users manual pertaining to the electronic indexation of laws.	*Secrétariat Général du Gouvernement*	Dec. 31, 1995
	▪ Decision on introduction of a tax-free regime (tax advantages for new exporters).	*Ministère de l'Industrie et des Mines*	June 30, 1996
	▪ Establishment of a tax-free regime (should it be needed) and adoption of necessary legislation.	*Ministère du Plan* *Ministère du Commerce* *Ministère de l'Industrie et des Mines*	Dec. 31, 1996
	▪ Adoption of an action plan for the reorganization of the accounting and auditing profession and definition of requirements necessary to strengthening professional accountants and auditors.	*Ministère des Finances*	Dec. 31, 1995
	▪ Revision of accounting plan and audit requirements, and preparation of a manual of new accounting procedures.	*Ministère des Finances*	April 30, 1996

Policy and Area Related Objectives	*Strategies and Measures*	*Implementation Agency*	*Timing of Measures*
	▪ Upgrading of the accounting profession through the adoption of standards which will ensure a high quality of service.	*Ministère des Finances*	April 30, 1996
	▪ Training of auditors and accountants	*Ministère des Finances*	1996–97
	▪ Adoption of new statute of Chamber of Commerce (CCIA) enabling it to act as an independent interlocutor for the private sector and vehicle for dispensing support services to the sector.	*Ministère du Commerce*	Dec. 31, 1996
III. Consolidation of the restructuring of the banking sector and strengthening of financial sector regulations	▪ Finalization of the new Banking Law in consultation with the World Bank.	*Banque Centrale de Mauritanie*	March 31, 1995
	▪ Adoption by the Assembly of the new Banking Law.	*Banque Centrale de Mauritanie*	June 30, 1995
	▪ Adherence to prudential regulation by commercial banks, and application of sanctions in case of violations.	*Banque Centrale de Mauritanie*	As of June 30, 1995
	▪ Requirement of recapitalization of all banks to ensure full compliance with current prudential regulations.	*Banque Centrale de Mauritanie*	June 30, 1995
	▪ Application of new procedures for the credit risk and arrears information systems.	*Banque Centrale de Mauritanie*	Dec. 31, 1995
	▪ Recovery of bad loans held at present by the *Agence pour le Recouvrement des Créance Bancaires*:	*Banque Centrale de Mauritanie*	
	– Recovery of an additional UM 800 million		Dec. 31, 1995
	– Recovery of an additional UM 700 million.		Dec. 31, 1996
IV. Development of financial markets and institutions	▪ Maintenance of a satisfactory macrofinancial policy framework (interest rates positive in real terms, and control of liquidity of the banking system consistent with targets to be set in the context of PFP review).	*Banque Centrale de Mauritanie*	1994–1997
	▪ Continuation of regular issue of Treasury instruments in advance of being used to determine the market interest rate.	*Banque Centrale de Mauritanie*	As of July, 1994
	▪ Re-examination and adaptation of the policy on mandatory reserves and phase out reliance on individual credit ceilings for each bank.	*Banque Centrale de Mauritanie*	1995–1996
	▪ Preparation of medium-term strategy paper for development of the financial sector, including: the financing of investment, the improvement of access of small and medium enterprises (SMEs) to credit, and the development of institutional investors.	*Banque Centrale de Mauritanie*	Sept. 30, 1995

Policy and Area Related Objectives	*Strategies and Measures*	*Implementation Agency*	*Timing of Measures*
V. Development of Fisheries Sector	▪ Strict application of the granting of fishing authorizations to boats; quarterly publication of the authorizations granted.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 1, 1995
	▪ Implementation of the licensing system for pelagic fishing. The current contracts based on the system of apportionment of output will only be renewed for periods less than six months and will expire on Nov. 30, 1995 at the latest.	*Ministère des Pêches et de l'Économie Maritime*	1994–95
	▪ Gradual introduction over three years of an access fee for demersal and cephalopod fishing.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 31, 1995 onwards
	▪ Collection of the fines levied on violators, increasing collections to 80 percent of the amount of fines recorded during the preceding fiscal year.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 1, 1996 onward
	▪ Imposition and enforcement of absolute compliance with fishing ground limits and restrictions on fishing equipment and motors as recommended by the CNROP.	*Ministère des Pêches et de l'Économie Maritime*	Sept. 30, 1995
	▪ Strengthening of the Maritime Surveillance Authority, with transfer of budgetary resources and equipment belonging to the former DCP.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 31, 1995 onward
	▪ Strengthening of the control of fish exports by using the services of specialized experts.	*Ministère des Pêches et de l'Économie Maritime*	Dec. 31, 1995
	▪ Strengthening of the CNROP to implement the Five-Year-Plan with sufficient budgetary appropriations.	*Ministère des Pêches et de l'Économie Maritime*	Jan 31, 1995 onwards
	▪ Publishing the CNROP's scientific findings regarding the permissible annual catch.	*Ministère des Pêches et de l'Économie Maritime*	June 30, 1995
	▪ Restructuring and strengthening of Ministry of Fisheries and the Maritime Economy	*Ministère des Pêches et de l'Économie Maritime*	Sept. 30, 1995
	▪ Application of European sanitary and quality standards for the export of fishing products.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 1, 1996
	▪ Continuation of study of the tax system and the practical modalities of its implementation.	*Ministère des Pêches et de l'Économie Maritime*	1994–95
	▪ Implementation of the privatization/ liquidation plan for the Government joint ventures (ALMAP and MAUSOV)	*Ministère des Pêches et de l'Économie Maritime*	June 30, 1995
	▪ Creation of a GIE (Groupement d'intérêt économique) composed of producers-exporters of pelagic products, with government participation limited to 35 percent.	*Ministère des Pêches et de l'Économie Maritime*	June 30, 1995

Policy and Area Related Objectives	*Strategies and Measures*	*Implementation Agency*	*Timing of Measures*
	▪ Creation of GIE (Groupement d'intérêt économique) composed of producers-exporters of fresh, salted and dried fish products, with 35 percent government participation.	*Ministère des Pêches et de l'Économie Maritime*	June 30, 1995
	▪ Gradual liberalization, from Jan 31st to June 30, 1995, of the marketing of processed demersal fish.	*Ministère des Pêches et de l'Économie Maritime*	Jan. 31 – June 30, 1995
VI. Development of Mining Sector	▪ Formulation of medium-term strategy for development of the sector.	*Ministère de l'Industrie et des Mines*	Dec. 31, 1996
	▪ Revision of Mining taxation system.	*Ministère de l'Industrie et des Mines*	Dec. 31, 1996
	▪ Reform of tax code as it applies to mining.	*Ministère de l'Industrie et des Mines*	Dec. 31, 1996
	▪ Reconfiguration of regulatory institutions and revision and implementation of new regulatory procedures.	*Ministère de l'Industrie et des Mines*	June 30, 1996
	▪ Definition and implementation of revised procedures for mining cadastre.	*Ministère de l'Industrie et des Mines*	March 30, 1997

PRIVATE SECTOR DEVELOPMENT AND CAPACITY BUILDING CREDIT (Cr. 2730-MAU)

Agreements to be Reached

The GOM has submitted a Statement of Policy which defines its commitment to private sector development. This policy statement endorses policy measures to be taken in an effort to realize the development of the private sector, in general, and the financial, fishing, and mining sectors. These policy measures, which appear as tranche release conditions **in the PSDC,** which is being presented to the Board at the same time as this project, can be summarized as follows:

a) Progressive implementation of the first phase of the access fees system for demersal and cephalopod (deep sea) fishing, said fees being fixed set to rise to 11 percent of the estimated value of production by mid-1997.

b) Adoption by the Assembly of a new Banking Law satisfactory to the Bank and its continuous application thereafter.

c) Recovery of an additional UM 800 million by ARCB in 1995 and UM 700 million in 1996.

d) Formulation, in agreement with the Bank, of new standards for the accounting and auditing professions, and adoption of said standards.

e) Launching of invitation to submit bids in the context of the action plan for the privatization of MAUSOV and ALMAP in case decision is made not to liquidate one or both of them.

f) Strengthening of the monitoring scheme for the export of fishing products, and completion of the second phase of the study of taxation of the fishing sector.

g) Revision of commercial code, investment code, arbitration and bankruptcy rules, and the code of civil and commercial procedures in accordance with the study completed in January 1995.

h) Revision and adoption of a new Mining Code satisfactory to the Bank.

In addition to the aforementioned policy measures, the following specific assurances, pertaining to this proposed project, have been provided by the GOM:

a) That the implementing agency will submit, by September 30, 1995 at the latest, a short-list of consulting firms from which the selection will be made to complete the detailed design of, and to carry out, the training programs, financed under this project.

b) That the conclusions of the studies financed under this project will: (i) form the basis of a subsequent dialogue with IDA, and that their recommendations will be implemented in light of the dialogue with IDA; and (ii) be disseminated to the public through workshops or conferences organized under the initiative of the GOM, and short publications to be made available to the public.

c) That by December 31, 1995 at the latest, the Chamber of Commerce will be established as an autonomous agency empowered to act as a convincing representative of the private sector.

d) That the PCU, in its role as Project Coordinator, will: (i) organize, in June of each year, a joint IDA-Government review of project implementation, based on the progress reports and on an annual work program and budget for the next year; (ii) carry out a mid-term review of project implementation, jointly with IDA in July 1997.

e) That the PCU in the MOP will submit to IDA: (i) a semi-annual report on the progress of project implementation; (ii) annual work programs and budgets for the following year (including the GOM's contribution to the financing of the proposed project), no later than October 31st of any one year; and (iii) an implementation completion report, according to terms of reference acceptance to IDA, within six months of the credit closing date describing the proposed project's implementation as well as current and future costs and benefits derived.

The **effectiveness** of this credit will be subject to the following conditions:

a) Appointment of an independent auditor to carry out an audit according to terms of reference which will be finalized during negotiation. There is no need to agree on an accounting system being in place by project effectiveness, as the PCU will take over the accounting system already in use by the *Cellule de la réhabilitation du secteur parapublic.*

b) Appointment of a Director of the PCU.

c) Initial deposit in the Project Account.

PRIVATE SECTOR DEVELOPMENT AND CAPACITY BUILDING CREDIT

Implementation Schedule
Islamic Republic of Mauritania

Major Activities	*Timing/ Target*	*Expected Impact*
1. <u>Financial Sector</u>		
1.a. Upgrading of Credit Risk and Borrower's Arrears Information		
• Selection of consultants	July 1995	Strengthen information system pertaining to credit and arrears in banking system; improve flow of information between banks; reduce costs to banks of working with new clients; increase cost of accumulating arrears for borrowers.
• Definition of procedure for both databases	Sept. 1995	
• Updating both databases	Nov. 1995	
• Training Central Bank staff in database management, input and retrieval	Dec. 1995	
• Training bankers to provide requisite information	Jan. 1996	
1.b. Training in Banking		
(i) Professional training		
• Selection of consultants	July 1995	Enhance skills of commercial bank staff; upgrade quality of bank services; increase scope of bank activities; develop professional association of bankers.
• Identification of existing skills	Nov. 1995	
• Designation of candidates for courses	Dec. 1995	
• Final design of courses	Mar. 1996	
• Teaching of courses	May 1996	
• Cycle completed	Nov. 1996	
(ii) Training (diploma course)		
• Selection of consultants	Mar. 1996	Creation of pool of qualified bankers; development of banking as a career option; encourage competition between banks for qualified labor market entrance.
• Final design of courses	May 1996	
• Launching year 1 of program	Oct. 1996	
• Launching year 2 of program	Oct. 1997	
• Launching year 3 of program	Oct. 1998	
1.c. Formulation of Strategy for Financial Development		
(i) Study		
• Selection of consultants	July 1995	Formulate Action Plan for next phase of financial sector development, design strategy for mobilizing private sector interest (local and foreign) in development of financial mechanisms; prepare promotional material as necessary.
• Submission of preliminary report	Oct. 1995	
• Discussion of strategy and proposed promotional materials	Nov. 1995	
• Submission of final report	Dec. 1995	

Major Activities	*Timing/ Target*	*Expected Impact*
(ii) Production of Promotional Materials		
• Selection of consultants	Sep. 1995	
• Production of written material	Oct. 1995	
• Evaluation of written material and proposed publicity campaign	Jan. 1996	
• Launching of publicity campaign	Feb. 1996	
2. <u>Private Sector Institutional and Regulatory Framework</u>		
2.a. Upgrading of Accounting and Auditing Framework		
(i) Studies (reorganization and upgrading of accounting professions)		
• Selection of two consultants to study reorganization	July 1995	Review status of accounting profession; propose action plan for development of profession; agree on action plan with Government authorities.
• Report on status of profession	Oct. 1995	
• Discussion of strategy paper	Nov. 1995	
• Implementation of strategy paper	Jan. 1996	
• Selection of consultants to formulate norms	Jan. 1995	Define minimum qualification for public accountants and auditors; create demand for improved formal training in accounting.
• Completion of study	Feb. 1996	
• Formulation of norms for accounting profession	April 1996	
• Adoption of these norms	May 1996	
(ii) Revision of Accounting Plan		
• Selection of four consultants	Sept. 1995	Update existing accounting plan taking into consideration changes in accounting procedures in other countries and realities of the Mauritanian economy; ensuring that transparent, reliable accounting rules are in place; ensuring comparability of statements.
• Report with recommendations (first draft)	Dec. 1995	
• Reference manuals	Apr. 1996	
• Final report	June 1996	
(iii) Training		
• Selection of consultant	Jan. 1996	Enhance skills of local accountants and ensure their ability to provide world-class service.
• Design of program	Apr. 1996	
• Launching of 1st cycle of program	Oct. 1996	
• Launching of 2nd cycle of program	Feb. 1997	
2.b. Support to Chamber of Commerce		
• Selection of consultant	June 1995	Establishment of permanent support structure to act as spokesman for private sector and provide vehicle for dispensing support to private sector.
• Finalizing of organization chart	July 1995	
• Appointment of staff	Sept. 1995	
• Training of staff	Feb. 1996	
• Purchase of equipment	Feb. 1996	

Major Activities	*Timing/ Target*	*Expected Impact*
• Elections	Sept. 1996	
• Launching of studies cofinanced by private sector	Oct. 1996	
• Completion of studies	Oct. 1997	
2.c. Legal and Judiciary Reform		
(i) Revision and Elaboration of Legal Texts		
• Selection of consultants	July 1995	Update legal code as it pertains to business; make legal environment more investor friendly; enhance transparency and legal security; ensure consistency with respect to Mauritanian's treaty obligations with trade partners.
• Exhaustive review of existing codes and comparative analysis of other countries	Dec. 1995	
• Preparation of draft codes	June 1996	
• Adoption of new codes	Dec. 1997	
(ii) Establishment of Commercial Register		
• Selection of consultants	Sept. 1995	Provide information on existing companies in Mauritania.
• Setting up of registration procedure	Dec. 1995	
• Completion of compilation of company records	Sept. 1996	
(iii) Training		
• Selection of consultants	Sept. 1995	Enhance quality of court officials and magistrates; ensure smooth functioning of dual legal system; make possible the requirement of high standards among legal officials.
• Setting up of program	Dec. 1995	
• Selection of candidates	Mar. 1996	
• Beginning of French language training	June 1996	
• Beginning of Phase I of legal training	Dec. 1996	
• Beginning of Phase II of legal training	Oct. 1997	
• Completion of Phase II of legal training	Mar. 1998	
(iv) Regular Publication of Up-to-date *Journal Officiel*		
• Selection of consultants	Sept. 1995	Provide up-to-date, reliable information on Mauritanian laws.
• Purchase of computers and software	Dec. 1995	
• Design of format	Mar. 1996	
• First regular update issue	Sept. 1996	
(v) Access to Information		
• Training of Mauritanian officials (financed by PPF)	Apr. 1995	Provide handy computerized indexation of Mauritanian laws; increase access of foreign investors to Mauritanian legal texts; improve dissemination of legal information; integrate Mauritanian legal system into international database; improve quality of "*Journal Officiel.*"
• Issue of hard copy of indexation of Mauritanian laws	Sept. 1996	
• Issue of Users Guide	Dec. 1996	

Major Activities	*Timing/ Target*	*Expected Impact*
2.d. Feasibility Study and Scheme for Implementation of Tax-Free Regime for Exporters		
• Selection of consultants	Sept. 1995	Offer advantages to export-oriented investors; enhance Mauritania's reputation as a viable locale for investment; draw maximum advantage from a competitive exchange rate.
• Submission of preliminary report (discussion of introduction of "*régime*")	Dec. 1995	
• Submission of final report	Mar. 1996	
• Preparation of regulatory texts	June 1996	
• Adoption of new texts	Dec. 1996	
3. <u>Mining Sector</u>		
3.a. Strengthening of Mining Sector Framework		
(i) Policy Dialogue		
• Selection of consultants	Sep. 1995	Design action plan for attracting investors to mining sector; sensitize and educate key officials in dynamics and best practices of world mining, as well as in Government priorities; review and update mining code to make environment more investment friendly; review tax code to increase incentive for private investments in mining sector.
• Drafting of preliminary strategy paper	Oct. 1995	
• Adoption of strategy paper	Dec. 1995	
• Agreement on revisions of mining code	June 1996	
• Adoption of revised mining code	June 1996	
• Agreement on revision of tax code	Dec. 1996	
• Adoption of revised tax code	Dec. 1996	
(ii) Institutional Reform and Upgrading of Mining Cadastre		
• Selection of consultants	Jan. 1996	Strengthen supervision of mining sector; improve procedures and documentation; make institutional environment more investment friendly; upgrade mining cadastre.
• Investment promotion seminar	Feb. 1996	
• Agreement on institutional reforms	April 1996	
• Reconfiguration of institutions	June 1996	
• Definition of new procedures	June 1996	
• Implementation of new procedures	June 1996	
• Definition of new cadastral procedures	Sept. 1996	
• Purchase of equipment	Sept. 1996	
• Implementation of new cadastral procedures	Mar. 1997	
(iii) Training		
• Selection of training experts	Sept. 1995	Improve administrator's grasp of mining economics and finance, improve environmental monitoring; consolidate institutional build up; enhance quality of mining accounting and implementation of tax regime, strengthen mining cadastre capabilities; improve administrator's negotiation skills as they pertain to mining sector.
• Training seminars abroad		
* 1st seminar	Dec. 1995	
* 2nd seminar	June 1996	
• Basic training course in Mauritania	Dec. 1996	
• Advanced training course in Mauritania	Sept. 1997	

Major Activities	*Timing/ Target*	*Expected Impact*
4. Fishing Sector		
4.a. Survey: Implementation of Action Plan		
• Selection of consultant	July 1995	Verify compliance with regulations introduced and identify violations; track foreign exchange flows from fishing sector; monitor environmental impact on fishing sector; provide technical support to CNROP.
• Preparation of preliminary report	Sept. 1995	
• Preparation of final report	Oct. 1995	
• Application of new mechanism for export control	Dec. 1995	
• Technical support to CNROP	Dec. 1996–Jan. 1997	
5. Project Coordination Unit (PCU)		
• Selection of all staff	May 1995	Monitoring implementation of all components; coordinate strategy with other ministries; maintain contact where necessary with private sector coordination structure; provide information for project supervision; disseminate information about GOM policy measures.
• Unit fully operational	June 1995	
• Communications campaign	Sept. 1995 –June 1997	
• Mid-term report	June 1997	
• Final report	May 1999	
6. Project Audit		
• Selection of consultants	Mar. 1999	Verify compliance with government and Bank procurement, expenditure and reimbursement rules; verify accounting for each component; verify use of special account.
• Preparation of preliminary audit	May 1999	
• Submission of final audit	July 1999	

PUBLIC RESOURCE MANAGEMENT CREDIT (Cr. 2887-MAU)

Agreements Reached and Conditionalities

The Government has met the conditions of negotiations by:

1. Submitting a draft Letter of Development Policy which was finalized and signed during negotiations;
2. Providing a progress report on the functional and organizational audits of the Ministries of Planning (including the ONS), Finance, Fisheries and Commerce, and a plan for strengthening the *Direction des Etudes* of the Central Bank (BCM);
3. Establishing within the Ministry of Planning a PSIP Monitoring Unit.

<u>Conditions for Second Core Tranche Release</u>:

1. Create a master tax file with unique taxpayer identification numbers for each eligible taxpayer;
2. Prepare for 1997 an indicative PEP (including a rolling PSIP) compatible with the macro-economic framework and sectoral strategies;
3. Expand pre-shipment inspection to all imports; and
4. Meet key macro-economic targets for 1996 as specified in the Program (inflation, current account, overall budgetary deficit/surplus and social spending).

<u>Conditions for Third Core Tranche Release</u>:

1. Implement the new budgetary nomenclature;
2. Implement the PEP for 1997 (including the PSIP) to the satisfaction of IDA, and prepare the 1998 PEP, compatible with the macro-economic framework and sectoral strategies;
3. Meet key macro-economic targets for 1997 as specified in the Program (inflation, current account, overall budgetary deficit/surplus and social spending); and
4. Provide an action plan and timetable for the corporate and personal income tax reforms.

<u>Condition for First Floating Tranche Release</u>:

Implement the restructuring plans of the Ministries of Planning (including the ONS), Fisheries, Finance, Commerce and Industry as agreed with the Bank.

<u>Conditions for Second Floating Tranche Release</u>:

1. Amend the corporate tax system as agreed with the Bank; and
2. Amend the personal income tax regulations as agreed with the Bank.

In addition to the monitorable actions specified above, the performance of the proposed operation will be judged by the following key performance indicators: (i) broaden the tax base by, inter alia, increasing the number of registered tax paying enterprises by 5 to 10 percent per year; (ii) lower the statutory corporate income tax; (iii) limit wages and salaries to 4 percent of GDP by 1998; and (iv) promote private investment to attain at least 11.5 percent of GDP by 1998.

PUBLIC RESOURCE MANAGEMENT CREDIT
Matrix of Policy Measures and Action Plan

Policy Area and Related Objectives	*Strategies and Measures*	*Implementing Agency*	*Schedule*
I. Domestic Resource Mobilization	***Broaden and diversify the tax base while eliminating tax-induced inefficiencies in the allocation of resources***		
1. Tax Administration	▪ Harmonize SYDONIA and PIAF to create master tax file with single taxpayer ID numbers	MinFin	1996
	▪ Strengthen the Tax Directorate (DGI) in Min.of Finance	MinFin	1996–98
	▪ Set up a cross-checking unit between Taxes and Customs to assess the performance of the tax system	MinFin	1996–98
	▪ Strengthen the tax audit unit	MinFin	1996–98
	▪ Strengthen implementation of the VAT	MinFin	Jan 1, 1997
	▪ Reduce procedural delays in the taxation of defaulters and in recovery operations	MinFin	1996
	▪ Implement the reform of tax exemption related to public contracts and projects	MinFin	1996
2. Corporate Tax	▪ Gradually eliminate IMF tax	MinFin	1997–98
	▪ Amend the corporate tax system as it pertains to the regimes and rates, withholdings, provision for gradual depreciation, and fiscal incentives for investment	MinFin	Jan 1, 1999
	▪ Subject all PEs to corporate taxation. Exemptions for certain specific inputs into the production cycle will be provided only on a case-by-case basis.	MinFin	Jan 1, 1999
	▪ Review ad hoc tax agreements and eliminate tax benefits granted under the Investment Code which might have distorting effects	MinFin	1996–98
	▪ Introduce a presumptive tax for small businesses, based on percentage of annual turnover or rental value of building	MinFin	1997–98
	▪ Gradually bring informal sector under the regular tax system by introducing a presumptive tax *(impôt synthétique)*	MinFin	1997–98
3. Personal Income Tax	▪ Simplify the tax regime by reducing the number of taxes, eliminating double taxation and cascading taxes	MinFin	1997–98
	▪ Improve the collection of ITS by reducing the number of income brackets, and extending withholding at the source to all businesses	MinFin	1996–98
4. Productive Sectors – Taxation and Cost Recovery Policies	▪ After consulting with development partners, implement the recommendations from the study on integrating SNIM into the national economy	MinPlan/Fin	1996–98 1997–98
	▪ Implement the licensing system for fishing activities	MinFin/Fish	1996–98
	▪ Implement the access rights system for national fleet	MinFin/Fish	1996–98
5. Tariff Reform	▪ Implement further tariff reform to reduce top tariff rate from 30 to 20 percent, and tariff on raw materials, intermediate products and capital goods from 10 to 5 percent	MinFin	Dec 31, 1998
	▪ Strengthen the Customs Directorate and expand pre-shipment inspection to all imports	MinFin	1996–98
	▪ Strengthen Customs *(cordon douanier)*	MinFin	1996–98

Policy Area and Related Objectives	*Strategies and Measures*	*Implementing Agency*	*Schedule*
II. Public Expenditure Management	***Improve the quality and effectiveness of the budget as a planning tool. Increase absorptive capacity. Shift public expenditure towards cost-effective poverty reduction programs. Rationalize and reduce the role of the public sector in the economy, while promoting private-sector led growth***		
1. Public Expenditure Program	▪ Prepare rolling multi-year Public Expenditure Program, consistent with macro-framework and agreed sectoral priorities and strategies	MinPlan/Fin	1996–98
	▪ Set ceilings on the wage bill and military spending at levels compatible with fiscal and inflation targets	MinFin	1996–98
	▪ Monitor the evolution of recurrent costs	MinPlan	1997–98
	▪ Budget counterpart funds for food aid	MinPlan	1997–98
	▪ Implement the new budgetary nomenclature *(projet de réforme et d'harmonisation des nomenclatures budgétaires utilisées par les Ministères des Finances et du Plan)*	MinFin	1997–98
	▪ Consolidate into the budget all special accounts, counterpart funds and all public expenditure financing from all financing sources	MinFin	1996–98
	▪ Disseminate economic and financial data	MinPlan/ONS	1996–98
	▪ Strengthen debt management	MinPlan/Fin/BCM	1996–98
	▪ Strengthen the monitoring capacity of sectoral ministries	MinPlan/Sector Min	1996–98
	▪ Strengthen the inspection wing of the Min. of Finance	MinFin	1996–98
	▪ Introduce tax credit system for capital goods and imports financed by foreign aid projects	MinFin/Plan	1997
2. Public Sector Investment Program (PSIP)	▪ Formulate a core rolling PSIP in accordance with adopted inter- and intra-sectoral priorities	MinPlan/Sector Min	1996–98
	▪ Establish in the Min. of Planning a PSIP monitoring unit	MinPlan	1996
	▪ Prepare economic and operational budgets for the regional directorates of education, health and rural development	MinPlan/Fin	1996–98
	▪ Streamline public procurement procedures	MinPlan	1997–98
3. Efficiency of Social Services Outlays	▪ Improve the efficiency of expenditures in social sectors	MinPlan	1996–98
	▪ Strengthen the implementation of user charges in social and basic infrastructure sectors	Sector Min	1996–98
	▪ Gradually increase, from UM300m to UM600m, public funding for poverty reduction programs	MinPlan/MinFin	1997–98
III. Policy Making Capacity	***Strengthen Government's core economic management institutions to improve capacities to design, analyze coordinate and implement economic policy***		
	▪ Strengthen the policy making process and the cohesiveness of the economic ministries and the Central Bank	PMO/MinPlan	1996–98
	▪ Develop policy-making capacities at the sectoral levels	MinPlan/Sector Min	1996–98
	▪ Strengthen the Technical Support Committee to the Interministerial Committee for Economic Policy	MinPlan	1996–98
	▪ Strengthen participation of civil society in the policymaking process	PMO	1996–98
	▪ Strengthen the Economic Studies Directorate of the Central Bank, the planning Directorate (MP), the Tax and Budget Directorates (MF) and the ONS	BCM/MinPlan/ MinFin	1996–98
	▪ Improve donor coordination	MinPlan	1996–98
	▪ Improve communications with the private sector and the general population regarding economic policy matters	PMO	1996–98

Policy Area and Related Objectives	*Strategies and Measures*	*Implementing Agency*	*Schedule*
IV. Public Sector Modernization	***Modernize and adapt public administration to the needs of a market-oriented economy***		
	▪ Conduct operational and organization audits of the Ministries of Planning, Finance, Fisheries, Commerce and Industry	MinPlan/MinFin/ MinCom/MinFish/ MinInd/ONS	1996–97
	▪ Implement recommendations for reorganizing or restructuring	--idem--	1996–98
	▪ Establish capacities for staff training and development	--idem--	1996–98

FISCAL REFORM SUPPORT CREDIT (CR. 3352-MAU)
Policy Matrix and Key Monitoring Indicators

Policy Area	*Objectives*	*Measures*	*Implement. Period*	*TA Request*
Fiscal Policy and Public Sector Reforms				
1. Consolidated government operations	Strengthen revenue, tax, and customs administration	• Continue to use the services of a pre-shipment inspection company	1999-2000	
		• Strengthen the Customs Inspection Unit by installing a database linked to the pre-shipment inspection company	July 2000	
	Broaden the tax base	• Eliminate tax exemptions for public enterprises, excluding those for SNIM's activities relating directly to iron ore extraction	2000	WB
		• Prepare to unify the two VAT rates. Conduct study to determine which rate to retain.	2000	IMF
		• Define area of application of VAT exemptions, particularly on essential goods	2000	IMF
		• Apply unified VAT rate	Jan. 2001	IMF
		• Eliminate special exemptions from VAT	2000	IMF
		• Strengthen management monitoring of large taxpayers by creating within the Directorate of Taxation a Corporate Division whose mandate includes administration, collection, and surveillance	2000	IMF
		• Inaugurate first phase of reform of direct taxation, as agreed with the World Bank and the IMF. This calls for:		WB
		– gradual reform of the general income tax;	2000	
		– gradual reform of the minimum presumptive tax and its conversion into an advance on the business profits tax;	2000	
		– broadening of the tax base through introduction of a standard tax rate applicable to all small taxpayers.	Jan. 2001	
	Strengthen the control and monitoring of expenses	• Continue to monitor the use of external assistance counterpart funds, submitting monthly reports to the IMF (in agreement with the Ministry of Finance) and following established procedures	1999	
	Improve efficiency of expenditure	• Budget counterpart funds for food aid	1999-2002	
		• Strengthen cost recovery systems in the social sectors	1999-2002	WB
		• Provide adequate funds to cover maintenance expenses associated with existing infrastructure and new investment	1999-2002	
		• Incorporate counterpart funds and externally financed capital expenditures in budget presented to the legislature	2000-2002	
		• Draw up a medium-term expenditure framework for priority sectors, especially education and health	2000	WB

Policy Area	*Objectives*	*Measures*	*Implement. Period*	*TA Request*
2. Public Investment	Improve the programming, budgeting and monitoring of public investment	• Formulate a core PIP in accordance with adopted inter- and intra-sectoral priorities	1999-2002	WB
		• Reconcile PIP disbursement data from the Ministry of Economic Affairs and Development (MAED), the Central Bank and donors	1999-2002	
		• Make the PIP monitoring unit of MAED operational and provide quarterly reports to WB/IMF on PIP execution	1999-2002	EU
3. Public administration	Improve the efficiency of public service	• Limit new recruitment, on a net basis, to the education and health sectors	1999-2002	
	Enhance the effectiveness of the civil service	• Increase civil service salaries in accordance with inflation objectives	2000	
		• Put into effect the rules and regulations and remuneration system already formulated as part of civil service reform	1999-2000	WB
	Improve transparency of the procurement process	• Revise the public procurement code in order to streamline procedures pertaining to contract award, supervision, and payment	June 2000	WB

FISCAL REFORM SUPPORT CREDIT
Policy Matrix and Key Monitoring Indicators
Reform of Corporate and Personal Income Taxes in Mauritania

Recommendations for Institutional Strengthening of DGI, 1999-2000

Strengthening of General Tax Directorate
(Direction Générale des Impôts)

Creation of DGE :
- Creation of DGE (appointment of director and staff, and their assumption of duties)
- Creation of a working group to prepare the specifications for the computerization of the DGE, beginning with the tax recovery function
- Development of fiscal management software
- Provision of new computers to SFE and to the department charged with tax recovery action.

Follow–up on non-payment:
- Strengthening of the recovery mechanism (temporary administrative closures, exclusion from public bidding opportunities, etc.)
- Establishment of the AMR for recovery of back taxes subsequent to checks
- Transfer of recovery action to DGI for direct taxes
- Increasing, to 1 million UM, of the obligatory threshold for signature of DGI's Director in cases involving legal action.

Strengthening of fiscal control:
- Strengthening of resources available to BER and other brigades
- Distribution of BER's information bulletin.

Taxpayer registration
- Initiation of an operation to establish fixed whereabouts for registered importers and creation of tax files on them.

Leglislation Fiscale

Reform of the VAT
- Study of elimination of reduced rate
- Taxation of water and electricity provision at normal rate (after study of the exemption threshold amount to be applied to households.)
- Introduction of flat rate
- Review of exemption regimes (SNIM, fisheries, investment code and corporate charters)
- Establishment of a procedure for reimbursement of VAT credits
- Establishment of a procedure within DGI for monitoring exemptions.

Reform of IMF
- Increase deductibility of IMF to 100%

Individual income tax
- Simplification of tax regime for individuals.

Taxes	*Tax Structure 1999*	*Tax Structure 2000*	*Tax Structure 2001*	*Tax Structure 2002*
Industrial and commercial profit tax (BIC)	40%	40%	35%	
Non-commercial profit tax (BNC)	35%	35%	[d]	
Minimum presumptive tax (IMF) • Fisheries • Other	2% (50%[b]) 4% (25%[b])	2% (50%[b]) 4% (50%[b])	2% (75%[b]) 4% (75%[b])	2% (100%[b]) 4% (100%[b])
Tax on compensation and salaries (ITS)	11 brackets 6%-39%	Internal study	5 brackets	
General income tax (IGR)	11 brackets 5%-55%	Internal study	5 brackets	
Tax on income from capital stock • Bonds • Others	6% 16%			
Apprenticeship tax	0.6% de la masse salariale			
Tax on real estate income (IRF)	30% (10%)[c]	20%[c]	[e]	
Flat tax on profits *(BIC Forfaitaire)*	13 brackets	5 brackets	Synthetic taxes	
Extended loss carry-over *(Report deficitaire élargi)*	3 years	4 years	5 years	
Amortization	Linear	Declining		
Inventory account	FIFO	FIFO		
New Measures	***Year of Implementation***			
Reform of VAT (Flat rate)			✓	
Expanded tax liability of informal sector			✓	
Review of investment code exemptions (BIC and others)			✓	
Review of VAT exemptions (SNIM, fisheries, investment code and corporate charters			✓	
Other measures to be determined (e.g., urban real estate registry)			✓	

a Implementation under the Finance Law of 2001.
b Deductible from the BIC.
c Deductible from the gross taxable base.
d To be fused with the BIC.
e Fusion of IGRF and IRF.

Direct Tax Reform, 1999–2003

	Tax structure				
	1999	***2000***	***2001***	***2002***	***2003***
Ind. and com. profit tax (BIC)	40%	40%	35%	25%	20%
Non-com. profit tax (BNC) [a]	35%	35%	35%	35%	35%
Min. presumptive tax (IMF) [b]					
Fisheries	2% (50%)	2% (50%)	2% (75%)	2% (100%)	2% (100%)
Other	4% (50%)	4% (50%)	4% (75%)	4% (100%)	4% (100%)
Tax on comp. and salaries (ITS)	11 brackets 6%–39%	11 brackets 6%–39%	5 brackets	5 brackets	2 brackets
General income tax (IGR)	11 brackets 5%–55%	11 brackets 5%–55%	11 brackets 5%–55%	5 brackets	5 brackets
Tax on inc. from cap. stocks (IRCM)					
Bonds	6%				
Other	16%				
Apprenticeship tax	0.6% of pay.				
Tax on real estate income (IRF) [c]	30% (10%)	20%	Merger IRGF/IRF	6%	6%
Flat tax on profits (BIC forf.)	10 brackets	5 brackets	Syn. tax	Syn. tax	Syn. tax
Extended loss carry-over	3 years	4 years	5 years	5 years	5 years
(Report déficitaire élargi)					
Amortization	Linear	Declining	Declining	Declining	Declining
Inventory account	FIFO	3 methods	3 methods	3 methods	3 methods

Source: MOF.

[a] Was to be merged with BIC in 2001, but was not done.

[b] The percentage in parentheses is deductible from the BIC.

[c] Deductible from gross taxable base.

Evolution in tax revenue, 1994–2002
(in percent of GDP, unless otherwise indicated)

	1994	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
Total revenue	23.2	23.2	29.2	26.9	27.0	27.9	25.3	20.6	37.2
Tax revenue	17.9	17.0	17.5	15.6	15.6	15.4	14.5	14.4	14.3
Direct taxes	6.0	6.1	5.1	5.2	5.0	5.0	4.8	4.7	4.7
Tax on income and profits	5.8	5.9	4.9	5.0	4.8	4.8	4.6	4.5	4.5
Other direct taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Indirect taxes	11.9	10.9	12.4	10.4	10.6	10.4	9.7	9.7	9.6
Taxes on goods and services	3.7	5.4	7.4	7.1	7.6	7.7	7.2	7.2	7.2
Taxes on international trade	8.0	5.4	4.9	3.2	2.9	2.6	2.4	2.4	2.3
Other indirect taxes	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Direct taxes as % of tax revenue	33.5	35.9	29.1	33.3	32.1	32.5	33.1	32.6	32.9
Indirect taxes as % of tax revenue	66.5	64.1	70.9	66.7	67.9	67.5	66.9	67.4	67.1

Source: IMF.

Basic Data Sheet

PRIVATE SECTOR DEVELOPMENT CREDIT (CREDIT 2726-MAU)

Key Project Data *(amounts in US$ million)*

	Appraisal estimate	Actual or current estimate	Actual as % of appraisal estimate
Original commitment	30.0	30.8	103
Total cancellation			
Total project cost	30.0	30.8	103
Cancellation			

Project Dates

Steps in Project Cycle	Original	Actual
Identification	Feb 1993	Oct 28–Nov 21, 1992
Preparation	Jul 1994	1993–1994
Appraisal	Jan 1995	Jan 8–21, 1995
Negotiations	Apr 1995	Apr 19–25, 1995
Letters of Development Policy	Apr 1995	Apr 30, 1995
Board Presentation	May 1995	May 23, 1995
Signing	—	Jun 22, 1995
Effectiveness	Jun 1995	Aug 9, 1995
First tranche release	Jun 1995	Sep 9, 1995
Second tranche release	Mar 1996	May 23, 1996
Third tranche release	Mar 1997	Mar 30, 1997
Project completion	Jun 1997	Aug 31, 1997
Closing date	Dec 1997	Dec 31, 1997

Staff Inputs (staff weeks)

Stage of Project Cycle	Planned		Revised		Actual	
	S/W	US$'000	S/W	US$'000	S/W	US$'000
Preappraisal	n/a	n/a	n/a	n/a	133.8	339.0
Appraisal	n/a	n/a	n/a	n/a	23.7	49.0
Negotiations	n/a	n/a	n/a	n/a	15.1	36.8
Supervision	33.0	78.3	32.0	77.9	34.6	83.9
Completion	8.0	14.7	8.0	14.7	8.0	14.7
Total	n/a	n/a	n/a	n/a	215.2	523.4

Mission Data

Stage of Project Cycle	*Date (month/yea r)*	*No. of Person s*	*Staff Days in Field*	*Specialized Staff Skills Represented*	*Performance Rating*		*Types of Problem s*
					Implementati on Status	*Developmen t Objectives*	
Identification/ Preparation	11/92-12/94	10	70	DC, EC, FA, LEG, PS, ID	n/a	n/a	n/a
Appraisal	01/95	3	24	EC, FA, LEG	n/a	n/a	n/a
Appraisal through effectiveness	07/95	2	12	DC, EC	n/a	n/a	n/a
Supervision 1	10/95	1	14	EC	S	S	—
Supervision 2	10/95	1	14	EC	S	S	—
Supervision 3	03/96	2	16	EC, LEG	S	S	—
Final Supervision	03/97	1	7	EC	S	S	—

Specialized Staff: *DC = Division Chief* *EC = Economist* *FA = Financial Analyst*
LEG = Legal Counsel *PS = Public Sector Specialist*

Basic Data Sheet

PRIVATE SECTOR DEVELOPMENT AND CAPACITY BUILDING PROJECT (CREDIT 2730-MAU)

Key Project Data *(amounts in US$ million)*

	Appraisal estimate	*Actual or current estimate*	*Actual as % of appraisal estimate*
Original commitment	7.2	7.2	100
Total cancellation	0	.30	
Total project cost	7.2	6.2	86
Cancellation			

Project Dates

Steps in Project Cycle	*Original*	*Actual*
Departure of Appraisal Mission	Mar 30, 1995	Mar/Apr 1995
Board approval		May 23, 1995
Signing		Jun 22, 1995
Effectiveness	Sep 22, 1995	Nov 29, 1995
Closing date	Dec 31, 1999	May 31, 2000

Staff Inputs (staff weeks)

Stage of Project Cycle	*Actual/Latest Estimate*	
	No. Staff Weeks	*US$('000)*
Preappraisal	10.8	25.8
Appraisal/Negotiation	23.6	51.4
Supervision	124.5	252.9
ICR	4.6	17.5
Total	163.5	347.6

Mission Data

Stage of Project Cycle	*Date (month/year)*	*No. of Persons*	*Specializations Represented*	*Performance Rating*	
				Implementation Progress	*Development Objective*
Identification/ Preparation	Jan 1993	6	Financial Economist, Financial Specialist, Country Economist, Lawyer, Mining Expert, Operations Analyst		
Appraisal/Negotiation	Mar/Apr 1995	8	Financial Economist, Financial Specialist, Country Economist, Lawyer, Mining Expert, Operations Analyst, Procurement Specialist, Disbursement Officer		
Supervision	Jul 1995	1	Financial Economist	S	S
	Nov 1995	1	Senior Economist	S	S
	Nov 1996	3	Economist, Financial Analyst, Counsel	U	S
	Mar 1997	2	Counsel, Senior Economist	S	S
	Jun 1997 – Mid-term Review	4	Technical Manager, Financial Analyst, Economist, Mining Specialist	S	S
	Sep 1997	3	Economist, Financial Specialist, Senior Economist	S	S
	Oct 1997	2	Economist, Counsel	S	S
	Mar 1998	2	Counsel, Senior Economist	S	S
	Mar 199	4	Senior Economist, Private Sector Development Specialist	S	S
	Dec 1999	2	Economist, Operations Officer	S	S
Completion	Jun 2000	3	Economist, Financial Sector Specialist, Operations Officer	S	S

Basic Data Sheet

PUBLIC RESOURCE MANAGEMENT CREDIT (CREDIT 2887-MAU)

Key Project Data *(amounts in US$ million)*

	Appraisal estimate	*Actual or current estimate*	*Actual as % of appraisal estimate*
Original commitment	20	21.3	107
Total cancellation		.15	
Total project cost	20	21.2	106
Cancellation			

Project Dates

Steps in Project Cycle	*Original*	*Actual*
Departure of Appraisal Mission	Mar 1996	May 21, 1996
Board approval	Jun 1996	Jun 20, 1996
Signing		Jul 1, 1996
Effectiveness	Jul 1996	Jul 30, 1996
Closing date	Jun 30, 1999	Dec 31, 1999

Staff Inputs (staff weeks)

Stage of Project Cycle	*Actual/Latest Estimate*	
	No. Staff Weeks	*US$('000)*
Identification/Preparation	21.6	141.9
Appraisal/ Negotiations	48.4	68.9
Supervision	34.4	96.4
ICR	4.0	18.0
Total	108.4	325.2

Mission Data

Stage of Project Cycle	*Date (month/year)*	*No. of Persons*	*Specializations Represented*	*Performance Rating*	
				Implementation Progress	*Development Objective*
Identification/ Preparation	Mar 8–25, 1995	3	Economist, ID Specialist, Operations Assistant	n.a.	n.a.
Appraisal	Mar 3–20, 1996	3	Economist, ID Specialist, Operations Assistant	n.a.	n.a.
Supervision *	Nov 1996	2	Economist, ID Specialist	HS	HS
	Jul 1997	1	Economist	S	HS
	Mar 1998	1	Economist	S	S
	Sep 1998	1	Economist	S	S
Completion	Sep 1999	2	Economist, ID Specialist	S	HS

* Excludes supervision carried out during joint WB/IMF missions and support provided by Resident Mission.

Basic Data Sheet

FISCAL REFORM SUPPORT CREDIT (CREDIT 3352-MAU)

Key Project Data *(amounts in US$ million)*

	Appraisal estimate	*Actual or current estimate*	*Actual as % of appraisal estimate*
Original commitment	30	48.3	161
Total cancellation			
Total project cost	30	48.3	161
Cancellation			

Project Dates

Steps in Project Cycle	*Original*	*Actual*
Departure of Appraisal Mission	Apr 7, 2000	
Board approval		May 23, 2000
Signing		
Effectiveness	Sep 19, 2000	Sep 19, 2000
Closing date	Dec 31, 2000	Jun 30, 2001

Staff Inputs (staff weeks)

Stage of Project Cycle	*Actual/Latest Estimate*	
	No. Staff Weeks	*US$('000)*
Identification/Preparation	12.3	46.1
Appraisal/Negotiation	n.a.	n.a.
Supervision	0.2	1.0
ICR	2.0	8.0
Total	14.5	55.1

Mission Data

Stage of Project Cycle	*Date (month/year)*	*No. of Persons*	*Specializations Represented*	*Performance Rating*	
				Implementation Progress	*Development Objective*
Identification/ Preparation	Jul 15-22, 2000	1 1	Economist Social and Poverty Specialist		
Appraisal/Negotiation	Feb 15-29, 2000	3 1 1	Economist Sector Director Resident Representative		
Supervision	Oct 10-2, 2000	1	Economist	HS	HS
ICR	Feb 1-Apr 15, 2001	1	Economist		